PROPOSAL FOR PREPARATION OF A REDEVELOPMENT FIVE YEAR IMPLEMENTATION PLAN

THE CITY OF COLTON REDEVELOPMENT
AGENCY
OCTOBER 26, 2009



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INTRODUCTION

Urban Futures, Inc. ("UFI") is pleased to submit this proposal for the preparation of the 2010-2014 Implementation Plan (the "Implementation Plan") for the City of Colton Redevelopment Agency (the "Agency") pursuant to all applicable provisions of the California Community Redevelopment Law ("CCRL"; Health and Safety Code Section 33000 *et seq.*), most specifically, CCRL Section 33490. CCRL Section 33490, among other requirements, obligates redevelopment agencies to prepare new implementation plans, conduct a public hearing for the purpose of reviewing redevelopment programs, projected expenditures, and corresponding goals and objectives, and to generally evaluate the progress of ongoing redevelopment projects.

STATEMENT OF QUALIFICATIONS

Urban Futures, Inc. is the State's largest redevelopment consulting firm. Our in-house capabilities include all skills necessary to complete the Implementation Plan, including redevelopment planning, lower income housing programs, and agency financial advisory services. Having worked with over 175 different agencies since its inception in 1972, UFI has a proven track record of meeting its clients' needs in a cost effective and timely way. We are confident that our vast knowledge of California Community Redevelopment Law and the extensive experience and capabilities of our professional staff in all aspects of redevelopment administration will continue to be of significant assistance to the City of Colton Redevelopment Agency. Given our qualifications, we believe we are uniquely able to provide the needed consulting services in an innovative, comprehensive and effective manner.

A detailed statement of qualifications is attached to this proposal as Attachment D

PROJECT TEAM

UFI's staff comprises a team of highly skilled professionals able to handle assignments ranging from site-specific developer negotiations to community-wide development strategies, redevelopment plans, grant programs, entitlement processing, financial advisement, affordable housing programs, and economic development implementation strategies. Ernie Glover, Monika Troncoso-Koos and Doug Anderson represent the key professional staff who will be assigned to work with the Agency on this assignment. Ernie Glover will serve as the Managing Principal in charge of this engagement. An overview of the experience and education of our key staff is provided below. Other staff members will be used as necessary.

ERNEST GLOVER, Managing Principal

Ernest Glover joined UFI after 14 years as President of GRC Redevelopment Consultants, Inc. He has been responsible for the adoption and/or amendment of over 200 Redevelopment Plans and Implementation Plans throughout California. Mr. Glover has extensive experience in both the public and private sectors through work on environmental impact reports and specific plans. His in-depth understanding of redevelopment policy, urban design and its practical implementation is an invaluable contribution to planning and design projects. Prior to joining GRC, Mr. Glover was a Senior Associate for POD/Sasaki in charge of the specific planning, environmental and recreational planning studio. Earlier, he was an Associate for Haworth & Anderson. He gained public sector planning experience at the Cities of San Clemente, Garden Grove, and Simi Valley. He has managed over 50 major studies and planning efforts in the

fields of redevelopment planning, specific plans, environmental analysis, land use planning, housing, economics, land use regulation and recreation.

Education: Master of City Planning from San Diego State University; Bachelor of Arts in Political Science and Sociology, with honors, from the University of California at Santa Barbara; Post graduate studies completed at the University of Southern California.

MONIKA TRONCOSO-KOOS, Principal Planner

Ms. Koos possesses over 20 years of municipal government experience and will be a key member of the Bakersfield 5-Year Implementation Plan assignment. Prior to joining Urban Futures Inc., Ms. Koos served in the capacity of Housing and Redevelopment Manager for the City of La Habra. During her career, she has held responsible positions with the City of Anaheim and Whittier with primary responsibility for the Housing and Redevelopment Divisions of the City including State and Federal Grant Administration. In addition to her extensive knowledge of housing and redevelopment, Ms. Koos has also been responsible for redevelopment plan amendments.

Education: Ms. Koos holds a Bachelor of Arts Degree in Business Administration with an emphasis in Real Estate Finance from California State University, Fullerton and a Master of Public Administration from California State University, Long Beach. Ms. Koos is also fluent in Spanish both written and spoken.

DOUG ANDERSON, Managing Principal/Financial Analyst

Mr. Anderson has been with UFI since 1985. He provides financial advisory and redevelopment implementation services to our clients. Mr. Anderson specializes in tax increment and revenue financings, and has provided financial advisory services on over \$2 billion of tax exempt and taxable bond financings. He is directly responsible for preparation of Fiscal Consultant Reports, as well as key sections of Bond Official Statements. His clients include Anderson, Banning, Blythe, Calexico, Ceres, Cloverdale, Corcoran, Dinuba, Fillmore, Greenfield, Gonzales, Highland, Hughson, Imperial, La Puente, Lancaster, Lemon Grove, Lindsay, Manteca, Moorpark, Norco, Parlier, Ripon, Tehachapi, Upland, and Winters. His redevelopment Implementation experience includes tax increment forecasting, analysis of development proposals, and preparation of various annual reports including AB 1389, State Controller's Report, HCD Report, and Statement of Indebtedness. Mr. Anderson also provides fiscal analysis for our redevelopment planning division, including redevelopment plan adoptions and amendments and five-year implementation plans.

Education: Bachelor of Science in Business Administration with an emphasis in Finance from San Diego State University.

BACKGROUND AND ISSUES

- The Implementation Plan should also serve as a history of the Agency's accomplishments to date, and a description of its intentions going forward over the next five years.
- The City of Colton Redevelopment Agency has seven project areas adopted between 1964 and 1994. The Downtown #1 and Downtown #2 Project Areas were adopted in 1964; the Cooley Ranch Project Area was first adopted in 1975 and was subsequently amended to add territory; the West Valley Project Area was adopted in 1986, with territory being added in 1987. The Mount Vernon Corridor Redevelopment Project was adopted in 1987. The newest project area, Rancho Mill, was adopted in 1994.
- The Downtown #1 and Downtown #2 Redevelopment Project Areas will expire on January 1, 2010, but a two-year extension is possible for each of these areas pursuant to CRL Section 33333.6(e)(2)(d) ("SB1096"). The ordinance adopting the extension would have to be effective prior to January 1, 2010. Alternatively, the Agency may wish to consider letting these two project areas sunset and then include them in a new project area.
- Because the Cooley Ranch Project Area is within six years of its deadline on effectiveness, the Implementation Plan will need to address the ability of the Agency to comply with all inclusionary housing requirements prior to the time limit on the plan's effectiveness.
- Each Project Area will be discussed in a separate chapter, with the exception of the discussion on the Low- and Moderate-Income Housing Fund's cash flow and excess surplus.
- One major goal of the Implementation Program should be to link the redevelopment programs and projects affecting the Project Areas with their impact on remediating blight. Secondly, the Implementation Plan should describe the nexus between planning and economic development programs and the Agency's redevelopment program.
- UFI will use the 2005-2009 Implementation Plan and corresponding mid-term review as the basis for preparing the 2009-2014 plan.
- The Agency wishes to use its implementation plan as a vehicle for public input into identifying programs and projects to be undertaken in the next five-year period. UFI recommends one community meeting near the beginning of the planning program to identify projects and programs "from the floor", and then a second just before the public hearings to brief the community on the programs and projects outlined in the proposed implementation plan.
- As part of the implementation planning program, UFI will prepare an "audit" of the Agency's existing redevelopment plans, including recommendations as to needed changes, enhancements and amendments for each project area. This analysis will be completed early in the implementation planning program, and will be presented to Agency staff as part of the issues identification meeting. The Agency may wish to

proceed with these project area changes prior to the adoption of the Implementation Plan, if appropriate.

PROJECT APPROACH AND SCOPE OF WORK

The Scope of Work described below will be conducted in close cooperation with the staff.

TASK 1 PROJECT INITIATION AND ORGANIZATION

- Task 1.1 Hold initial meeting with Agency staff to identify program priorities and goals, review community issues, tour the Project Areas, establish expectations, and set up lines of communications.
- Task 1.2: Work with appropriate Agency/City staff to identify, collect, and review all pertinent information and data sources necessary to complete this Scope of Work (also referred to herein as the "Project"). UFI will give Agency staff a list of additional data needs at the Task 1.1 initial meeting. (UFI has a large amount of Agency data already, and will only ask for updates in these cases.)
- Task 1.3 Prepare a detailed program schedule to include production, meeting and hearing dates.
- Task 1.4 Tour the Project Areas to generally identify and generally map remaining conditions of physical and economic blight. Property value trends also will be evaluated if the data are available. This is intended as a generalized survey to describe existing conditions in the Project Areas, rather than to prepare detailed studies appropriate for Project Areas adoption or amendments. Agency accomplishments also will be reviewed during this trip.
- Task 1.5 As necessary and directed by Colton staff, UFI will participate in up to two (2) staff meetings in Colton with the appropriate/designated staff members for the purposes of facilitating Project management, providing Project status updates, reviewing data collection/analyses, and related work tasks.

TASK 2 GENERAL REDEVELOPMENT IMPLEMENTATION ACTIVITIES

- Task 2.1 Identify and evaluate specific Agency projects and programs ("Activities") that the Agency has completed or initiated during the current planning period. Both general redevelopment Activities and those funded from LMI Housing Fund monies will be identified and evaluated. UFI will establish and document the required ongoing nexus between Agency activities and blight reduction in the Project Areas. Proposed programs and projects will be prepared in a table format to show the project, the goals it accomplishes, the date completed or progress to completion, and other date requested by the Agency in its RFP.
- Task 2.2 Review and compare the goals and objectives in the current Implementation Plan with the status of Activities evaluated as a part of Task 2, and then work with appropriate Agency staff to complete the following:
 - Analysis and description of the Agency's success in meeting its present goals and objectives;

- Develop goals and objectives for the 2009-2014 Implementation Plan, which could include any unmet objectives (or goals) contained in the last Implementation Plan;
- As necessary, make recommendations as to how the Agency might be more effective in achieving existing or new goals and objectives.
- Task 2.3 For general redevelopment (80%) fund Activities, track actual Agency receipts and expenditures for the period 2005-2009; determine and explain any significant divergence between actual and projected receipts and expenditures. Also analyze the impacts of any State "take aways" that ultimately may be adopted as part of the current budget package.
- Task 2.4 (Optional Task) Prepare an analysis of the existing redevelopment plans and make recommendations as to how the Agency/City can address identified issues. UFI will assess plan effectiveness and tax increment time limits, financial capacity and limits, potential time limit extensions, and the phasing out of the Downtown I and Downtown II Project Areas. UFI will then prepare a memorandum describing the identified issues, a work program for resolving them and a potential budget.¹

TASK 3 LOW AND MODERATE INCOME (LMI) HOUSING IMPLEMENTATION PROGRAM

- Task 3.1 For LMI Housing Fund activities, track actual Agency receipts and expenditures over the past five years, and determine and explain any significant divergence between actual and projected receipts and expenditures.
- Task 3.2 For LMI Housing Fund Activities proposed to be completed during the term of the 2009-2014 Implementation Plan, work with appropriate Agency staff to establish planning cycle income and expenditures for identified projects on an annual basis to establish compliance with CCRL Sections 33334.2 and 33334.4.
- Task 3.3 In accordance with CCRL Section 33334.4, evaluate Agency 10-year expenditure requirements; and determine the appropriate ratio between LMI Housing Fund expenditures for assistance to housing units which are unrestricted by age of resident and the housing units which could be restricted to persons over the age of 65 years, utilizing the latest (2000) US Census Bureau data, or ACS annual updates as available.
- Task 3.4 In accordance with all aspects of CCRL Section 33413, track and record on UFI developed schedules, Agency inclusionary and replacement housing compliance. Complete an inventory of housing units assisted, and to be assisted with funds from the LMI Housing Fund, which have rent and income restrictions within and outside of the Project Areas. (As an additional service, UFI can assist the Agency in meeting its future AB987 requirements. See Task 3.10.)
- Task 3.5 Based upon information compiled in Task 3.4, determine whether the Agency is in a deficit or surplus unit(s) position in either of the inclusionary or replacement housing

¹ While an option, we strongly recommend the Agency start a plan updating program as early as possible. This is important for the Agency's long-term viability.

categories, and how either of those positions will affect the Agency during the term of the 2009-2014 Implementation Plan, subsequent five year planning cycle, and life of the plan(s) as appropriate.

- Task 3.6 Determine whether the Agency has an "excess surplus" (as defined under CCRL Section 33334.12(g)(1)) in its LMI Housing Fund, and how that position will affect the Agency's long-term, overall fiscal position pursuant to CCRL Sections 33334.10 and 33334.12. Urban Futures, Inc. can provide additional assistance for providing the Agency with alternate affordable housing programs that brings increased statutory compliance with the uses of such LMI funds.
- Task 3.7 In conjunction with Tasks 3.4, 3.5 and 3.6, evaluate the Agency's position with respect to housing affordability covenants (pursuant to both CCRL Sections 33334.3 and 33413), and whether or not the Agency has adequate units which are subject to appropriate covenants. If the Agency has, or is projected to have, an inclusionary or replacement housing deficit, identify the number and type of housing units needed to erase the deficit during the five-year term of the Implementation Plan and the subsequent five-year planning cycle or longer, as appropriate.
- Task 3.8 Include information in the Implementation Plan specific to the Project Areas as required by SB 437 (i.e., SB 437 amended Sections 33080.1 and 33490 of the CCRL to require that Implementation Plans identify the fiscal years that an agency expects the specified time limits to expire).
- Task 3.9 Determine how known or proposed housing development projects and land use changes (residential) may affect the Agency's future inclusionary and replacement housing obligations, vis-à-vis life of the Plan(s) and next ten year periods.
- Task 3.10 (Optional Task) UFI can assist with on-going monitoring and compliance of Affordable Housing Inventory in accordance with AB 987. An initial review of Colton's web site shows that the required on-line summary of price-restricted housing is available, but will need to be updated by the end of 2009.

Work elements would include: obtain copies of recorded affordable covenants, calculation of affordability period, prepare an inventory of affordable units including address and parcel number of the property, number of units (including bedrooms), year of construction, date of affordability covenant, document number of recording, expiration date of covenant or restriction and date, posting of affordable inventory on Agencies website, annual update of affordable inventory, and preparation of required Notice of Affordable Restriction for transfer of affordable projects.

TASK 4 PLAN PREPARATION AND ADOPTION

- Task 4.1 Prepare a draft Implementation Plan for staff review and comment. After staff review is complete, UFI will prepare a second review draft for Colton staff to verify. Following Agency review of the second draft of the Implementation Plan, UFI will prepare a final draft for public review. Ten (10) copies of this draft (bound in three-ring binders) plus two electronic versions, as specified, will be delivered. Also, an adopting resolution and staff report will be delivered to the Agency.
- Task 4.2 Prepare public hearing notice for staff review and comment. Implementation Plan

adoption procedures include a noticed public hearing, which notice must be posted in a minimum of four (4) locations in the Project Areas. These postings must be for a minimum of three (3) weeks ending at least ten (10) days prior to the Agency's hearing. Also, the notice for the hearing needs to be published once a week for three (3) weeks in a newspaper of general circulation.

Task 4.3 Prepare and coordinate two public information and outreach meetings for the community as a whole. One initial community-wide meeting for open comment and project identification will be held during Task 2. The second meeting will be held about two weeks prior to the Agency public hearing to adopt the implementation plan. The second meeting's purpose will be to brief the community on proposed programs and projects during the next five years.

UFI will prepare mailing lists and notices, including two newsletters. The first newsletter will announce the initial meetings, and the second will announce the community-wide meeting just before the public hearing. Given that the volume of the mailings cannot be determined at this time, UFI will print and post the mailings on a time-and-materials basis.

- Task 4.4 Prepare for, attend and present the completed Implementation Plan at the required public hearing. UFI will prepare a PowerPoint background briefing for the Agency Board and City Council, to include a brief history of the Project Areas, accomplishments over the past five years, proposed redevelopment programs and projects, and a summary of the housing program.
- Task 4.5 Upon adoption of the Implementation Plan, UFI will prepare and deliver to Colton twenty (20) copies of the Implementation Plan in three-ring binders; two (2) electronic versions in Word and Excel format; and an electronic version in Adobe PDF format.

PROJECT SCHEDULE

Based on the above Scope of Services, UFI will complete the Implementation Plan in a condition ready for public hearings within approximately five (5) months from receiving a notice to proceed. The accomplishment of this schedule is dependent on the full cooperation of the Agency/City appropriate/designated staff.

The following is a preliminary schedule. A refined production schedule will be prepared as part of Task 1.

Week	Task
1 and 2	TASK 1 – Project Initiation and Organization
2 through 10	TASK 2 – General Redevelopment Implementation Activities
6 or 7	TASK 4 - Initial Community Meeting
4 through 12	TASK 3 – Low and Moderate Income Housing Implementation Program
10 through 14	TASK 4 – Plan Preparation
16	TASK 4 – Final Community Meeting
18	TASK 4 – Public Hearing and Adoption

EXAMPLES OF FIVE-YEAR IMPLEMENTATION PLANS

Attachment A: City of Ontario (2005) (multiple project areas, as GRC Redevelopment Consultants)

Attachment B: City of Upland (2005) (multiple project areas)

Attachment C: City of Shafter (2009) (multiple project areas)

REFERENCES

Vijay Singhal, Chief Executive Officer City of Baldwin Park 14403 East Pacific Avenue Baldwin Park, CA 91706 (626) 960-4011

Brad Hudson, City Manager City of Riverside 3900 Main Street Riverside, CA 92522 (951) 826-5771 John Jaquess, Community Development Director City of Highland 27215 Base Line Highland, CA 92346 (909)864-6861 ex. 213

Jeff Zwack, Redevelopment Director City of Upland 460 N. Euclid Ave. Upland, CA 91786 (909) 931-4148

RATE SCHEDULE AND PROJECT BUDGET

Time Allocations

The following table shows time allocation by task for senior staff assigned, and for financial and housing analysts. The analysts will be primarily responsible for reducing data, miscellaneous research and report production.

Time Allocation by Task

	Hours					
Task	Glover	Troncoso- Koos	Anderson	Analyst	Total	
Task 1	12	12	4	4	40	
Task 2	14	24	24	8	70	
Task 3	5	24	20	4	53	
Task 4	32	40	4	20	104	
Total Hours	63	100	52	36	267	
		Optional	Tasks			
Task 2.4	12	16	8	16	52	
Task 3.10	4	0	0	24	28	
Total Hours	16	16	8	40	80	
	Grand Total with Options					
	79	116	60	76	347	

Professional Services Fee & Other Costs

UFI will accomplish the Scope of Work, subject to the conditions described in this proposal, for a fixed Professional Services Fee of \$40,575 without options, and \$50,895 with options.

Cost Allocation by Task

Cost						
Task	Glover	Troncoso- Koos	Anderson	Analyst	Total	
Task 1	\$2,700	\$1,440	\$900	\$300	\$5,340	
Task 2	\$3,150	\$2,880	\$5,400	\$600	\$12,030	
Task 3	\$1,125	\$2,880	\$4,500	\$300	\$8,805	
Task 4	\$7,200	\$4,800	\$900	\$1,500	\$14,400	
Total Cost	\$14,175	\$12,000	\$11,700	\$2,700	\$40,575	
		Optional	Tasks			
Task 2.4	\$2,700	\$1,920	\$1,800	\$1,200	\$7,620	
Task 3.10	\$900	\$0	\$0	\$1,800	\$2,700	
Total Cost	\$3,600	\$1,920	\$1,800	\$3,000	\$10,320	
Grand Total with Options						
Grand Total \$17,775 \$13,920 \$13,500 \$5,700 \$50,895						

The labor cost of preparing two newsletters and attending five community meetings is estimated at \$7,500, and is included in the total Professional Services Fee.

The Professional Services Fee does not include out-of-pocket expenses that may be incurred during the accomplishment of the Scope of Work. Out of pocket expenses include, but are not limited to all other necessary materials, supplies, services, printing, postage electronic data files, travel, etc. All out-of-pocket expenses shall be charged on an actual cost basis, plus 10%.

For budgetary purposes, UFI recommends that the Agency set-aside an estimated \$2,500 to cover out-of-pocket expenses, excluding the cost of newsletter printing and postage. Therefore, the total recommended budget for the Scope of Work described above, with an estimated allocation for out-of-pocket expenses, is \$43,075 without options, and \$53,395 with options.

The cost of printing and mailing two newsletters is not estimated above, because the number of items to be mailed, the complexity of the newsletter, and postage is not now known. However, based on recent mailings prepared by UFI, costs could be in the \$12,000 range. These costs are optional, and will vary widely based on the type of mailing, printing and the number of recipients.

Further, in the event that the Agency requires any services that are in addition to the Scope of Work, such additional services will be charged on an actual cost basis at the following rates:

Managing Principal	\$ 225.00
Principal	\$ 195.00
Senior Planner	\$ 120.00
Planners	\$ 95.00
Associate Staff	\$ 75.00
Assistant/Technician	\$ 55.00
Administrative	\$ 45.00

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ATTACHMENT A

CITY OF ONTARIO (2005)

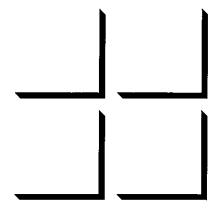
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Ontario Redevelopment Agency

FIVE-YEAR IMPLEMENTATION PLAN 2005-2009

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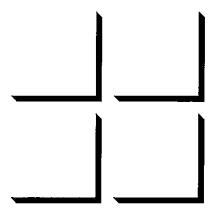
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Five-Year Implementation Plan 2005-2009

ONTARIO REDEVELOPMENT AGENCY



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REDEVELOPMENT AGENCY BOARD OF DIRECTORS

(Vacant), Chairperson
Paul S. Leon, Board Member
Alan Wapner, Board Member
Gerald DuBois, Board Member
Jason Anderson, Board Member

REDEVELOPMENT AGENCY STAFF

Gregory C. Devereaux, Executive Director Jim Strodtbeck, Redevelopment Director John E. Brown, Jr. Esq., Agency General Counsel Susan Apy, Esq., Agency Special Counsel Lance Garber, Esq., Agency Special Counsel

HOUSING AND NEIGHBORHOOD REVITALIZATION AGENCY STAFF

Brent Schultz, *Director*Julie Bjork, *Housing Manager*

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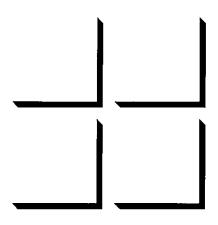


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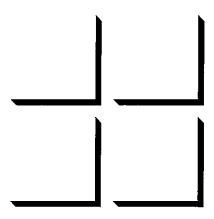
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PREFACE

This Five-Year Implementation Plan (this "Implementation Plan") was prepared by the Ontario Redevelopment Agency (the "Agency") pursuant to Section 33490 et seq. of California Community Redevelopment Law (Health and Safety Code Section 33000 et seq.; the "CRL").

This Implementation Plan identifies potential Agency-related redevelopment programs and projects, and housing activities targeting low- and moderate-income households, during the five-year period beginning in fiscal year 2005/06, and ending in fiscal year 2009/10, in the Agency's five redevelopment project areas (collectively, the "Project Areas"):

- Ontario Redevelopment Project Area No. 1
- Ontario Redevelopment Project Area No. 2
- Center City Redevelopment Project Area
- Cimarron Redevelopment Project Area
- Guasti Redevelopment Project Area

The Agency's initial implementation plan, Five-Year Implementation Plan, 1995-1999, was adopted on December 6, 1994, and updated on December 21, 1999, with the adoption of Five-Year Implementation Plan, 1999-2004. This Implementation Plan updates the two previously-adopted plans.

This Implementation Plan is generally intended as a policy statement rather than a specific course of action. It identifies priorities for potential programs and projects, and demonstrates how such programs and projects will address essential near-term revitalization objectives for the Project Areas. This Implementation Plan is not intended to restrict the Agency to the programs and projects identified herein,

since conditions, values, expectations, resources, and the needs of the community may change during the term of this Implementation Plan.

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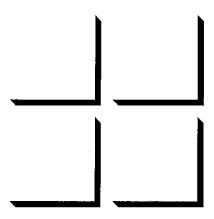
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It is important to emphasize that the Agency is a mature agency with many years of experience in implementing a broad range of redevelopment activities and programs. The preparation and adoption of an updated Implementation Plan does not mean that the Agency must undertake a sudden change in direction, set new goals, or discontinue on-going activities and programs. Accordingly, the emphasis of this Implementation Plan is on maintaining a continuity of actions and consistency with established policies while remaining cognizant of potential activities that may arise or become feasible during the five-year term of this Implementation Plan.

This Implementation Plan is presented in the following five sections:

- Section 1 Introduction: Provides an overview of the CRL's provisions governing the development of this Implementation Plan. This section also describes the overall intent of the Plan.
- Section 2 Project Area Background: Introduces and describes generally the Project Areas. Includes descriptions of the Projects' location, goals, original and remaining blighting conditions, and Agency activities accomplished to date.
- Section 3 Five-Year Program: Provides a description of proposed Agency activities, programs, and public improvement projects in the Project Areas during the term of this Implementation Plan.
- Section 4 Housing Production Program: Provides a summary of issues relative to providing low and moderate income housing. Includes descriptions of past housing production activities, current housing needs, housing programs aimed at meeting these needs, and five- and tenyear housing production plans. Total housing production over the remaining lifetime of the Redevelopment Plans is also estimated.
- Section 5 Administration of the Implementation Plan:

 Describes the Implementation Plan review process, including periodic reviews and public hearings. Also includes description of annual financial commitments that will fund the Agency's activities.



1.0 INTRODUCTION

The Agency was established in 1971 to provide a means for the City to eliminate blighting conditions and thus ensure that the City's economic base would prosper.

The Agency is authorized by the CRL to undertake a wide variety of redevelopment projects, programs and expenditures to address conditions of blight and economic decline within the Project Areas. Such activities are regulated by the CRL and the Agency's adopted redevelopment plans.

The Agency's initial focus was on funding public improvements, encouraging commercial and industrial projects, and assisting in the development of affordable housing. These goals continue to guide the Agency's activities.

Current and potential programs and projects in the Project Areas described herein represent a continuation of the Agency's redevelopment goals and objectives aimed at revitalizing the Project Areas in their entirety. Given the Agency's past compliance with the CRL, the requirements outlined in CRL Section 33490 are not expected to have a significant impact on the continued implementation of the Agency's redevelopment plans.

1.1 INTENT OF THE IMPLEMENTATION PLAN

On October 6, 1993, Assembly Bill 1290 ("AB 1290") was signed into law. Entitled, the "California Community Redevelopment Law Reform Act of 1993," AB 1290 enacted several changes to the CRL, including the introduction of Section 33490. Section 33490 provides, in part, that an

 $^{^{\}rm 1}$ AB 1290 was subsequently amended in 1994 by Senate Bill 732.

implementation plan shall contain the specific goals and objectives of the agency for the project area, the specific programs, including potential projects, and estimated expenditures proposed to be made during the ensuing five-year period, and an explanation of how the goals, objectives, programs and expenditures will eliminate conditions of blight within the project area and implement the requirements of the housing provisions of the CRL.

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Pursuant to CRL Section 33490, this Implementation Plan provides both a short-range strategy for meeting locally-identified and State-mandated redevelopment objectives, and information necessary to measure the Agency's performance in meeting those objectives.

1.2 IMPLEMENTATION PLAN REQUIREMENTS (CRL SECTION 33490)

CRL Section 33490 requires redevelopment agencies to produce implementation plans every five years starting in 1994. In accordance with this section, the implementation plan must contain the following:

- Specific goals and objectives for the next five (5) years.
- Specific programs and potential projects, and estimated expenditures planned for the next five (5) years.
- Explanations of how the plan's goals, objectives, programs, and expenditures will eliminate blight.
- An explanation of how the goals, objectives, and expenditures will implement the CRL's affordable housing requirements.
- An explanation of how the Low and Moderate Income Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the Low and Moderate Income Housing fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years.
- An estimate of the number of units to be provided over the next five (5) and ten (10) years to meet the Agency's 15% inclusionary housing requirements, if applicable.
- An estimate of the number of units to be provided through the end of the Plan's effectiveness (2033) to

meet the Agency's inclusionary housing requirements, if applicable.

- The number of qualifying very low, low, and moderate income units that have been produced in the project area, and the number of additional units that will be required to meet the inclusionary housing requirements.
- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very low, low and moderate income households.
- If a planned project will result in destruction of existing affordable housing, an identification of proposed locations for the replacement housing the agency will be required to produce (Health and Safety Code Section 33413).
- The project area affordable housing production plan required by Health and Safety Code Section 33413(b) (4).

1.2.1 INCLUSIONARY HOUSING PRODUCTION PLAN (CRL SECTION 33413)

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very-low, low and moderate income households. In addition, under Section 33413 of the CRL, whenever dwelling units housing persons and families of low or moderate income are destroyed or removed from the low and moderate income housing market as part of a redevelopment project, the agency is required to replace those units with an equal number of replacement dwelling units within four years of displacement. The replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed units, and all must be affordable to very low, low, or moderate income households.

In the event that suitable land for residential development cannot be found within a project area, then the CRL permits an agency to count units that are made available at affordable housing cost outside a project area toward the agency's project area housing production requirement, on a two-for-one basis: that is, two affordable units created outside a project area will count the same toward the inclusionary obligation as one unit created inside the project area. State government has declared that the provision of affordable housing outside of redevelopment project areas can be of direct benefit to those projects in helping to accomplish project objectives regarding affordable housing.

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1.2.2 USE OF LOW AND MODERATE INCOME HOUSING FUND (CRL SECTION 33334)

Section 33334 of the CRL addresses a number of financial issues as they apply to affordable housing. These issues are applicable to implementation plans due to the detailed character of the plan, and the strong emphasis placed on providing housing opportunities within the community. Sub-sections of particular importance in regards to the implementation plan include:

- §33334.2: Agency obligation to use 20% of tax increment revenue to increase, improve and preserve the community's supply of low and moderate income housing.
- §33334.4. Specifies that housing assistance for very low and low income households generally must be in the same proportion as needs for elderly housing, and for very low and low income housing in the community.
- §33334.6. States that the provision of housing is a fundamental purpose of the CRL, and that the provision of affordable housing outside a redevelopment project area is still of benefit to the project area. Also sets forth various requirements for the management of the Low- and Moderate-Income Housing Fund.

CRL Sections 33334.10 and 33334.12 deal with the issue of excess surplus in the Low and Moderate Income Housing Fund ("Housing Fund"), and the plans for its use. While such a plan need not be included in an implementation plan pursuant to Section 33490, the housing production program should also address excess surplus as a practical matter.

Under current law, an agency that has accumulated an "excess surplus" in its Housing Fund must expend such surplus within three years or disburse such surplus to the county housing authority or another public agency exercising housing development powers within the agency's territorial jurisdiction. housing authority or other public entity is then directed to use the transferred surplus within three years of the date of transfer to improve and increase the supply of affordable low and moderate income housing in the community in which the agency operates. An agency has an excess surplus when the unexpended and unencumbered amount in agency's Housing Fund exceeds the greater of \$1,000,000 or the total amount deposited in the agency's Housing Fund during the preceding four years. The intent of the excess surplus provisions is to encourage agencies to make timely expenditures of any excess surplus, as well as addressing the widespread perception that, collectively. redevelopment agencies are not spending their Housing Fund monies quickly enough.

1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS

Pursuant to CRL Section 33490, the adoption of an implementation plan must be preceded by a duly noticed public hearing. Notice of the public hearing must be posted in at least four (4) permanent locations in the affected project area for a minimum period of three (3) weeks. In addition, the notice must be published in a newspaper of general circulation serving the affected project area once a week for three (3) successive weeks, and mailed at least three (3) weeks in advance to all persons and agencies who requested such notice. Posting, publication and mailing must be completed at least ten (10) days prior to the public hearing.

The Agency has scheduled a public hearing for this Implementation Plan on January 18, 2005. Notices of the public hearing were published in the *Inland Valley Daily Bulletin* on December 20, 2004, December 27, 2004, and January 3, 2005, and posted in the following locations:

- Project Area No. 1
 - Union Bank of California (3998 Inland Empire Blvd.)

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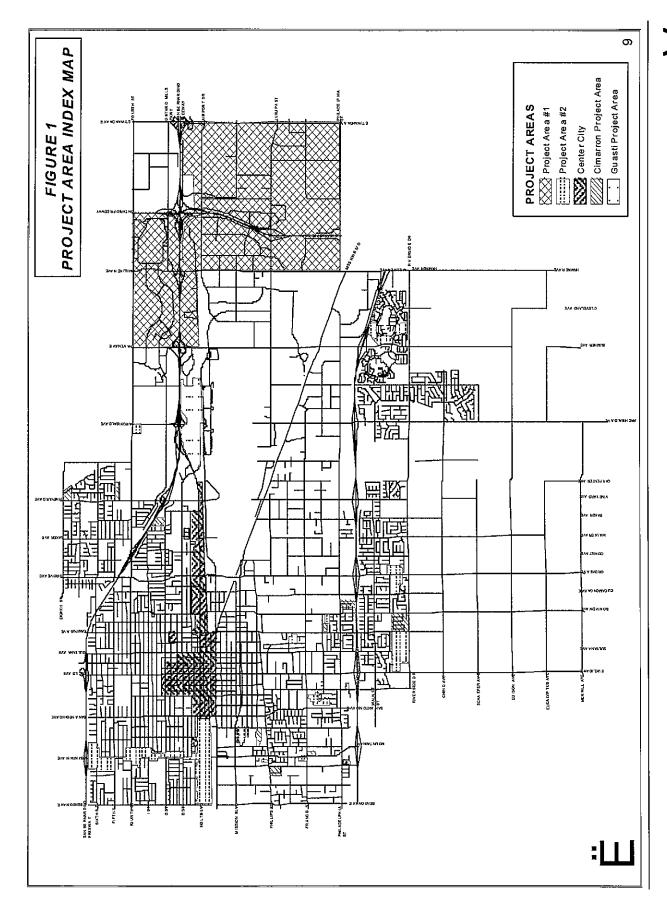
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- Sam Ash Music at Ontario Mills Mall
- Penske Honda (Ontario Auto Center)
- Fire Station #6 (NEC Shelby St./Lotus Ave.)
- Project Area No. 2
 - Albertsons (Ontario Plaza & Season at Gateway)
 - Blockbuster Video Star (SEC 4th St./Mountain Ave.)
 - Mary's Tacos (SWC 6th St./Mountain Ave.)
 - Auto Zone (Ontario Plaza & Season at Gateway)
- Center City Project Area
 - Ontario Redevelopment Agency
 - Ontario City Hall
 - Ontario Senior Center
 - Auto Zone (NEC Sultana Ave./Holt Blvd.)
- Cimarron Project Area
 - Community Center (SEC Sunsong Ct./Palmetto Ave.)
 - Neighborhood Food Store (SEC Francis St./ Mountain Ave.)
 - Centennial Park (NEC Campus Ave./Riverside Dr.)
 - Centennial Park (SEC Marion St./Riverside Dr.)
- Guasti Project Area
 - Guasti Post Office (2801 E. Guasti Rd.)
 - San Seconda Dasti Catholic Church (250 N. Turner Ave.)
 - Homestyle Café (2902 E. Old Brookside Rd.)
 - SEC Guasti Rd./Holt Blvd.

In addition, CRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of this mid-term review is to assess the extent to which an agency's actual activities conform to the activities described in the current implementation plan. The Agency's midterm review of this Implementation Plan will be due between December 2006 and December 2007.





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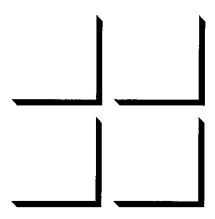
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2.0 PROJECT AREA BACKGROUND

This chapter describes generally the setting for the Project Areas in terms of such issues as physical conditions, goals, and agency activities. The physical conditions portion of each section includes a summary description of blighting conditions within the Project Areas. This background information is critical for accurately assessing the impact each project will have on the community. Project Area background information will also provide a baseline for evaluating future Agency actions aimed at eradicating or alleviating blight.

There are currently five redevelopment project areas in the City: Project Area No. 1 is located along the Ontario Freeway and includes the Auto Mall, Ontario Mills Shopping Center, and major commercial and industrial developments (see Figure 2); Project Area No. 2 includes the commercial corridors along Mountain Avenue (from the San Bernardino Freeway, south to Holt Blvd.), and Holt Boulevard (from the western City limit, east to about San Antonio Ave.), and also includes portions of residential neighborhoods in several small, non-contiguous subareas to the south (see Figure 3); the Cimarron Project Area consists of portions of residential areas in several small, noncontiguous sub-areas throughout the City (see Figure 4); the Center City Project Area includes the commercial corridors along Holt Boulevard (from about San Antonio to Vineyard Avenues), and Euclid Avenue (from State to 'G' Streets), and includes Downtown Ontario (see Figure 5); the Guasti Project Area is located south of the San Bernardino Freeway at Archibald Avenue, and includes the historic Guasti Village and surrounding properties (see Figure 6).

• Project Area No. 1

Established on July 17, 1978, this is Ontario's oldest project area. Project Area No. 1 encompasses an estimated 3,537 acres of commercial and industrial land.

Predominant land uses in Project Area No. 1 are commercial and office north of Interstate 10, east of Interstate 15, and industrial, warehousing and automobile sales south of Interstate 10 on either side of Interstate 15. Commercial and office development north of Interstate 10 includes the Ontario Mills commercial complex and the Ontario Center office complex. Both these areas are approaching buildout, but are experiencing considerable construction activity at present. The industrial. warehousing and auto sales area to the south of Interstate 10 is largely built out with modern facilities. infrastructure and building modernization work remains to be completed along the eastern boundary of the Project Area south of Interstate 10.

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Project Area No. 2

Project Area No. 2 consists of 17 non-contiguous areas primarily developed for residential purposes and commercial strips. The Project Area was first adopted in 1982, and was amended in 1994 to add the commercial strips.

Land usage along the Holt Boulevard and Mountain Avenue corridors is predominantly highway commercial in character. Holt Boulevard is characterized concentration of automobile uses, many of which are obsolete; blight is extensive throughout. Mountain Avenue is typified by a mix of residential (not within the Project Area boundaries) and strip commercial development. There are signs of significant reinvestment in the northern half of this corridor, although the old Target site remains vacant or underutilized. Commercial development along the southern half is older and obsolete.

Cimarron Project Area

Adopted in 1980, the Cimarron Project Area comprises nine non-contiguous sub-areas, all of which are residential in character. The intent of this Project Area is to provide suitable sites for the Agency's low- and moderate-income housing programs.

As expected, land usage in the Cimarron Project Area is primarily residential.

Center City Project Area

The Center City Project Area was first adopted in 1983 to include downtown Ontario from the railroad tracks north to G Street, including the Civic Center area. In 1986 the

Project Area was extended along the Holt Boulevard corridor to the old Ontario Airport entrance.

Land uses in the Project Area are predominantly commercial in character, with a scattering of older residential units along Holt Boulevard. Development along Euclid Avenue and around the Civic Center is typical of a late nineteenth century commercial center, and predates to a great degree the advent of the auto-oriented culture. Holt Boulevard, on the other hand, reflects highway commercial development oriented to automobile travel. Development in the Holt Boulevard corridor is largely obsolete in character. with older buildings dominating towards Holt Boulevard. These older buildings are oriented to automobile service. The eastern reach of Holt Boulevard is less intensely developed, with significant vacant or underutilized parcels east of Campus Avenue. The intensity of development increases towards Vineyard Avenue with a concentration of airport-oriented development.

• Guasti Redevelopment Project

Adopted in 2001, the Guasti Project Area includes the old Guasti Winery site east of Archibald Avenue, and industrially used parcels west of Archibald. The Guasti Project Area is the gateway to the new Ontario International Airport.

The portion of the Project Area east of Archibald Avenue is characterized by mixed industrial uses in the old warehouses, vacant fields, the historic Guasti mansion, and unused workers housing. The far eastern edge of the Project Area includes a truck terminal, a church and an old school. The church is of historical importance. The edge of the Project Area's eastern half is largely unused. The western half of the Project Area is dominated by warehousing operations, but has seen no significant new development in recent years.

The Guasti Redevelopment Project Area is very new, and only began to receive tax increment in 2002. As such, the Project Area has little in the way of resources, and has no specific accomplishments to report.

2.1 BLIGHTING CONDITIONS

The primary blighting influences in the Project Areas at the time each respective Redevelopment Plan was adopted, can be summarized as follows:

 Old, deteriorating, and obsolete structures, defective design and character of physical construction, mixed character and shifting of uses (

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- · Faulty exterior spacing
- Depreciated values, impaired investment, and social and economic maladjustment
- Parcels that are irregularly shaped
- Inadequate public improvements
- Inadequate provision for open space and recreational facilities

Throughout the Project Areas, conditions of building deterioration and the effects of building age and deferred maintenance were prevalent. The prevalence of older buildings suffering from inadequate maintenance had contributed to a widespread incidence of building obsolescence in the Project Areas. Generally, the obsolete units were older, underdeveloped, had insufficient parking, and had outdated signage and facades. These conditions of obsolescence were exacerbated by a pattern of piecemeal development evidenced by numerous free-standing structures that have no architectural unity and typically served by on-street parking or parking areas hidden behind individual buildings.

Building deterioration and obsolescence lead to depreciated property values and impaired investments. Per parcel land values for Project Area properties were substantially lower than city-wide averages for similar land uses.

In many cases, multiple land uses occupied a single parcel of land. The result of this mixed character and shifting of uses was that areas of the Project Areas were affected by circulation problems, incompatibilities among adjacent land uses or even on the same parcel, circulation and traffic safety problems, noise problems, and inadequate on-site parking, all of which, together with the large number of small and inadequately sized parcels, created a disincentive for private investment on individual parcels.

Faulty exterior spacing in the Project Areas resulted from poor site planning, inadequate or inefficient on-site parking, faulty design of ingress and egress patterns, and a variety of interior circulation problems. Conditions of faulty exterior spacing were worsened by the large number of small or inadequately shaped lots, and by dispersed property ownership patterns.

Irregular parcel shapes and small parcels were also prevalent in the Project Areas. A large percentage of Project Area properties along commercial corridors were less than 25 feet in width and less than 100 feet in depth. There was also a prevalence of landlocked parcels and flag lots. Such conditions contributed to hindered development or redevelopment opportunities because parcel assembly proved to be extremely difficult or impossible for the private sector acting alone, even though the need for such activity was visibly evident.

Although most of the conditions of blight in the Project Areas were located on privately-owned property, there were also numerous public facility deficiencies affecting the Project Areas. A wide variety of water, sewer, drainage, and street improvements needs had been identified for the Project Areas.

2.2 CURRENT CONDITIONS

Although the Agency has made substantial progress in addressing blighting conditions in the Project Areas through the programs, projects and activities it has implemented, conditions of blight continue to hinder the full development of the Project Areas. Key blighting conditions include:

Physical Conditions

- Unsafe buildings
- Obsolescence
- Lack of parking
- Incompatible land uses
- Irregularly shaped parcels
- Inadequately sized parcels

• Economic Conditions

- Depreciated or stagnant property values
- Economically obsolete buildings/lots
- Inadequate public improvements
- Abnormally high business vacancies
- Abnormally low lease rates

2.3 GOALS AND OBJECTIVES

2.3.1 AGENCY FIVE-YEAR GOALS AND OBJECTIVES

The Agency's overriding goals and objectives for the Project Areas continue to be the elimination or alleviation of blighting conditions through the provision of needed public improvements, assistance for the development and rehabilitation of existing properties, the provision of low- and moderate-income housing opportunities, and other activities authorized by the CRL. In achieving its goals and objectives, the Agency intends to mitigate the effects of faulty design, deterioration and the lack of inadequate lot sizes and amenities that still exist in the Project Areas. In eliminating these blighting conditions, the Agency will facilitate development as contemplated in the Ontario General Plan.

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The Agency's goals and objectives for the Project Areas were taken directly from the goals statements of the Redevelopment Plans and Amendments that were adopted for each component of the Project Areas. These goals and objectives were originally adopted as part of its initial Implementation Plan (1994-1999), and will continue to guide its redevelopment activities during the ensuing five-year period. These goals and objectives are identified in Table 1, below, and apply to all five of the Project Areas.

Table 1 AGENCY GOALS AND OBJECTIVES

- 1. To encourage private investment in the Community.*
- 2. To promote quality new development and encourage renovation of existing residential and commercial structures.
- 3. To provide affordable housing opportunities to City residents.
- To eliminate blighting conditions and revitalize deteriorating areas of the City.
- 5. To expand the tax base, increasing revenues which help pay for local public services.
- 6. To improve employment opportunities for local residents.
- 7. To improve the overall quality of life.

2.3.2 CITY COUNCIL GOALS AND OBJECTIVES

In addition to the Agency's goals and objectives, the Ontario City Council acknowledges its commitment to maintaining the City's leadership role in the Inland Empire by continuing to invest in the growth and evolution of the area's economy while providing a balance of jobs, housing, educational and recreational opportunities for its residents in a safe, well-maintained community.

The City Council's goals and objectives provide the framework for the specific goals of all City departments, including the Agency, and are identified in Table 2, below.

^{*}Does not apply to the Cimarron Project Area.

Source: Ontario Redevelopment Agency, Five-Year Implementation Plan 1999-2004, November 19, 1999.

Table 2 CITY COUNCIL GOALS AND OBJECTIVES

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1. INVEST IN THE GROWTH AND EVOLUTION OF THE CITY'S ECONOMY

- A. Implement the general plan policies to achieve a high quality, sustainable community in the New Model Colony.
- B. Work with the private sector to encourage core community revitalization including Downtown, Holt Boulevard and Mountain Avenue.
- C. Maximize the economic benefits to be received from Ontario International Airport, Ontario Mills mall, Ontario Convention Center and Ontario Center.
- D. Encourage quality retail development along and south of the SR-60 corridor.
- E. Attract higher paying employers such as high-technology and research companies and work with education and business to ensure that the City's labor pool remains competitive.
- F. Aggressively pursue business retention.
- G. Develop destination marketing programs to attract domestic and international travelers.
- H. Regularly review Ontario's Municipal Code for negative impacts on business and make appropriate revisions.

2. OPERATE IN A BUSINESSLIKE MANNER

- A. Provide responsive customer-friendly service.
- B. Provide training programs for staff development.
- C. Develop and implement a comprehensive new employee orientation program.
- D. Develop long-term financial plans and explore service alternatives.
- E. Live within our means, fully funding liabilities and reserves, while forming capital to strategically invest in the future.
- F. Continue to invest in updated equipment and innovative technology to promote efficiency.
- G. Develop basic operating systems and controls that ensure sound fiscal management.
- H. Examine options for operation of the Convention Center and Visitors Bureau.
- I. Explore opportunities to mitigate the costs and impacts associated with the hospitality industry.
- Work with Federal, State and regional governments and organizations to ensure Ontario receives its fair share of resources.
- K. Promote Ontario as a regional transportation hub.

3. FOCUS RESOURCES IN ONTARIO'S COMMERCIAL AND RESIDENTIAL NEIGHBORHOODS

- A. Move the Ontario CARES Neighborhood Improvement Program from neighborhood to neighborhood until it has been provided throughout the entire City.
- B. Utilize code enforcement to maintain community standards.
- C. Concentrate resources on preserving the City's historic neighborhoods and housing stock and promote neighborhood identity in existing single-family neighborhoods.
- D. Develop a program and funding alternatives for the inspection of multi-family units.
- E. Improve aesthetics on major corridors.
- F. Explore alternatives for the provision of animal control services.
- G. Increase efforts to prevent and remove graffiti.



Table 2 CITY COUNCIL GOALS AND OBJECTIVES

4. INVEST IN THE CITY'S INFRASTRUCTURE (WATER, STREETS, SEWERS, PARKS, STORM DRAINS AND PUBLIC FACILITIES)

- A. Develop funding alternatives to implement infrastructure master plans.
- B. Provide for the development of new infrastructure while ensuring development pays its fair share.
- C. Explore alternatives for the provision of telecommunications in the City.

5. MAINTAIN THE CURRENT HIGH LEVEL OF PUBLIC SAFETY

- A. Complete the adaptive reuse of the new Police Headquarters building.
- B. Utilize existing and non-public safety programs to reduce crime.
- C. Maintain or improve emergency response times.
- D. Recruit and retain the highest caliber public safety personnel.

6. PROVIDE ENHANCED RECREATIONAL, EDUCATIONAL AND CULTURAL ACTIVITIES

- A. Complete construction of the City's teen center.
- B. Explore the development of a regional performing arts center.
- C. Embrace the cultural diversity in the community.
- D. Develop more joint-use facilities with the City's school districts and non-profit organizations.

Source: Ontario Redevelopment Agency.

Ontario Redevelopment Agency

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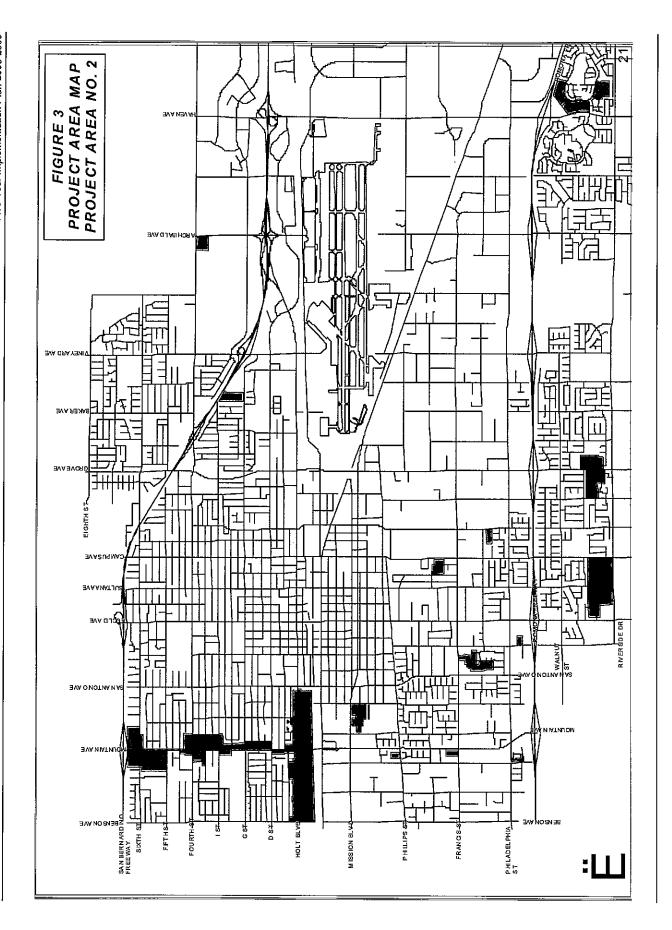
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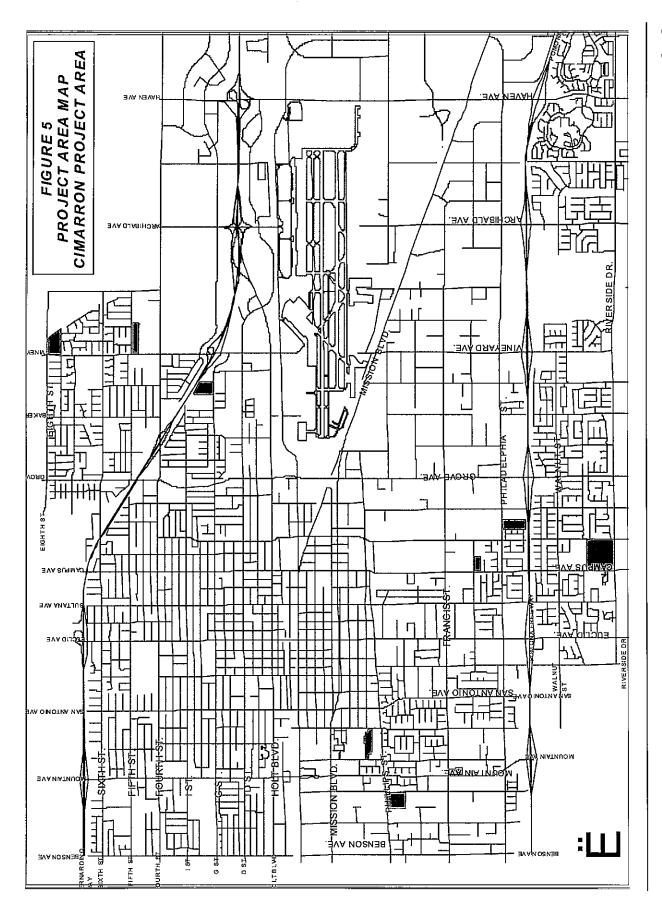
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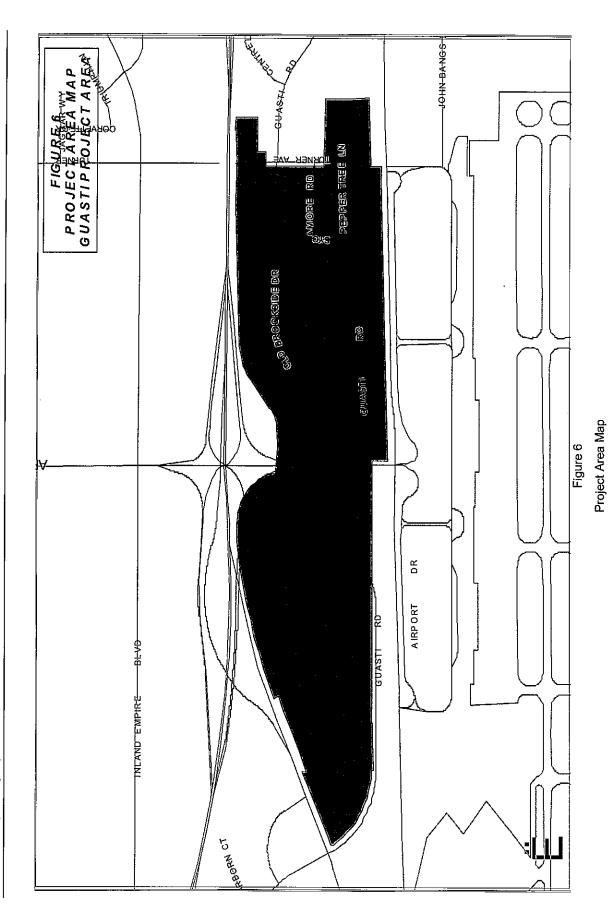
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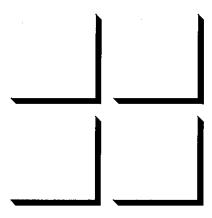
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3.0 FIVE-YEAR IMPLEMENTATION PROGRAM

Proposed Agency activities during the term of this Implementation Plan are divided into two distinct categories: programs related to the provision or replacement of affordable housing, and all other non-housing programs that the Agency may pursue under the adopted Redevelopment Plans, such as economic/community development and public improvements.

This Chapter of this Report focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period. This Chapter will describe specific projects and expenditures, and explain how said projects and expenditures will address conditions of blight in the Project Areas. (Potential housing activities are discussed in Chapter 4.0 of this Report.)

The Agency's non-housing activities during the ensuing five-year period will continue to generally focus upon economic development and public facilities. The Agency will utilize various tools authorized by the Redevelopment Plans and CRL to facilitate such activities. The Agency may acquire certain real property; demolish certain buildings or improvements; provide relocation assistance to residential and non-residential displaces; install, construct or reconstruct public facilities such as streets, utilities, or landscaping; dispose of property acquired for redevelopment; facilitate the redevelopment or rehabilitation of properties by private developers or public entities; collect tax increment revenues to finance or encourage redevelopment; and sell bonds secured in whole or in part by tax increment revenues to raise capital for redevelopment purposes.

3.1 ECONOMIC AND COMMUNITY DEVELOPMENT

During the five-year term of this Implementation Plan, the Agency will continue to offer financial assistance in the Project Areas through previously established programs:

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- 1. Rehabilitation: Improve economic growth opportunities and/or residential neighborhoods by assisting in the rehabilitation of commercial, industrial, public and residential structures to improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities.
- 2. Historic Preservation: Rehabilitate historically significant buildings to preserve the cultural and architectural value of the property, its surroundings, and by extension, the Project Area.
- 3. Development Assistance: Financial or other assistance as authorized by the CRL and the Redevelopment Plans to individual projects on an asneeded basis, and depending on the availability of Agency funds or other resources.
- 4. Property Acquisition: Acquisition of real property in the Project Areas on a case-by-case basis, subject to applicable restrictions, in order to implement the goals of the Redevelopment Plan or in effectuating other redevelopment activities.
- 5. Recreational and Community Facility Improvements: Construct, reconstruct or improve parks and other community facilities to enhance recreational opportunities in the Project Areas.
- 6. Business Retention: Assist existing businesses to market themselves, expand and/or improve their competitiveness to increase patronage to their business, surrounding businesses, and by extension, the Project Area.
- 7. New Business Development: Identify and attract new businesses to the Project Area on vacant or underutilized properties through recruitment programs, site acquisition assistance, and/or site development aid. Improve building conditions, correct code deficiencies, increase functionality and desirability, and enhance aesthetic qualities.

- 8. Streetscape Development: Construct public improvements to increase pedestrian traffic and/or overall ambience within key arterials of the Project Areas.
- 9. Parking Improvements: Assist in the improvement and/or expansion of existing parking areas, as well as the creation of new parking opportunities.
- 10. Business District Revitalization: Improve economic growth opportunities by rehabilitating and revitalizing key business districts in the Project Areas.
- 11. Public Improvements: May include the construction or reconstruction of: a) streets, curbs, gutters and sidewalks; b) traffic and circulation improvements; c) storm drain systems to improve the existing level of flood control and protection; and/or d) landscaping to identify distinct districts or to establish a sense of place. (See Chapter 3.2 of this Report.)

Rehabilitation and façade improvement programs are intended to reduce blight by improving the appearance and functionality of the built environment, thereby improving overall aesthetics and property values. In commercial areas, improved desirability and competitiveness may increase patronage and, in turn, attract other new businesses to the area, both of which increase sales and property tax revenues and local employment opportunities.

Residential rehabilitation and in-fill housing programs are intended to reduce blight by eliminating shifting land uses and stabilizing residential neighborhoods. Improved neighborhoods have the effect of increasing local pride and enhancing community identity. Increased local pride often encourages programs of regular maintenance and the willingness of residents and neighbors to be more protective of their surroundings. This improved protectiveness often results in a system of self-patrol that helps to reduce local crime, particularly crimes against property.

Community and recreational facility improvements are intended to reduce blight by improving the living environment for current and future residents. This improved quality of the environment will result in higher property values and greater neighborhood pride. New recreational and community attractions in the Project Areas may also help marginally-profitable businesses by generating a higher number of visitors to the area who may patronize their stores.

3.2 CAPITAL IMPROVEMENTS

During the five-year term of this Implementation Plan, the Agency's principal capital improvements objectives will continue to emphasize infrastructure upgrades. The Agency remains confident that the continued implementation of public improvements listed in the Redevelopment Plans will further stimulate private investment on private property in the Project Areas.

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Various street improvements will enhance circulation through and within the Project Areas, thus reducing traffic congestion and easing access to business districts, community facilities and residential neighborhoods as local population and employment levels continue to grow. Traffic and circulation improvements will also help attract new growth opportunities to the area and the ultimate development of vacant or underutilized land by signaling to the financial and commercial communities that the City of Ontario and the Agency are willing to provide the facilities necessary to ensure the success of private investments.

The installation and/or upgrading of water, sewer, and drainage systems that serve the Project Areas are intended to reduce blight by alleviating obstacles to the development of currently vacant or underutilized land. The eventual completion of these planned improvements will serve as the foundation upon which subsequent development may occur.

Landscaping and other aesthetic enhancements will improve the visual quality of business districts, public areas and residential neighborhoods. This, in turn, will have the effect of inducing new investment or reinvestment. improved visual image often increases levels of patronage for local merchants, which enhances profit margins and sales taxes for the City. This also improves the value of previously impaired investments and contributes to additional capital for further reinvestments. Landscaping and other aesthetic improvements will also lead to increased neighborhood pride, which, in turn, often encourages programs of regular maintenance and the willingness of residents and neighbors to be more protective of their surroundings. This improved protectiveness often results in a system of self-patrol that helps to reduce local crime, particularly crimes against property.

Table 3
PROGRAM NEXUS TO BLIGHT ELIMINATION

		Infrastructure	>		>	>	>
		Low Lease Rates				>	>
	mic	High Business Vacancies			>	>	>
Slight	Economic	Economic Obsolescence	>	>	>	>	>
Conditions of Blight		Stagnant Property Values		>	>	>	>
ပိ	Physical	Irregular/ Inadequately Sized Lots				>	>
		Land Use Incompatibility/ Inadequate Parking	>	>		>	>
		Physically Obsolete	> ·	>	>	>	>
		Unsafe Buildings		>	>	>	>
		Program	Infrastructure	Education/Cultural/Historic Preservation	Community Facilities	Housing	Economic Development

Source: Ontario Redevelopment Agency.



3.3 DEVELOPMENT PROJECT REVIEW

Prior to formal submittals to the City of Ontario for development permits, the Agency may from time to time review individual development projects that would result in a major intensification of use, substantial rehabilitation of existing structures, or new construction, for their consistency with this Implementation Plan, the applicable Redevelopment Plan, and any other applicable Agency policies. Said review shall be accomplished in full conformance with all applicable provisions of the Redevelopment Plan, CRL, other statutes and City of Ontario policy.

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3.4 PROGRAM CHANGES

The Agency has identified the improvements shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may later be judged to be feasible and beneficial in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities, and the priorities assigned to those programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

- The goals and objectives of the Redevelopment Plan are furthered.
- 2. Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project.
- 3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.

3.5 FUNDING SOURCES

The Agency has identified several major sources of funds for the programs and activities planned over the next five years in the Project Areas. These funding sources may include, but are not limited to:

- Sale of tax allocation bonds supported by tax increment revenues from the Project Areas.
- Tax increment revenues over and above the amounts required to cover debt service on the tax allocation bonds, as estimated in Table 4, below.
- Proceeds from land sales to private developers for purposes of implementing specific redevelopment projects.
- Loans and advances from the City of Ontario.
- Community Development Block Grant (CDBG) funds, which are only to be used to provide community facilities, services and residential rehabilitation programs in low- and moderate-income areas.

Table 4
Combined Cash Flow Summaries

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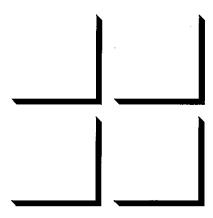
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Project Area No. 1														
Fiscal Year		alance orward	Γ	Net Tax Increment		Other	Д	ebt Service	(perations		Projects		Year End
2004-2005		.340.427	_	19,047,565	\$	7,328,732	\$	15,190,285	\$	4 652 600	\$	005 100	t.	Balance 42.027.555
2005-2006		.877.555		19,428,516	\$	3,339,169	\$		_	4,653,689	_	995,196	\$	13,877,555
2006-2007		,098,309	_	19,817,087	\$	3,577,733	\$	15,243,248 15,144,860	\$	4,715,546 4,781,547	\$	588,138	\$	16,098,309
		.965.784		20,213,428	\$	3,840,190	\$	15,144,000	_		<u> </u>	600,938	\$	18,965,784
2008-2009	_		<u>-</u>	20,617,697	\$		\$		\$	4,848,757	\$	600,938	\$	22,348,977
2000-2000]	2008-2009 \$ 22,348,977 \$ 20,617,697 \$ 3,794,660 \$ 15,150,000 \$ 4,916,640 \$ 600,938 \$ 26,093,756													
Project Area No. 2														
Fiscal Year		llance rward	<u> </u>	Net Tax Increment		Other	D	ebt Service	c	perations		Projects		Year Елd Balance
2004-2005	\$ 5	,975,003	\$	(788,998)	\$	2,514,268	\$	348,485	\$	593,151	\$	-	\$	6,758,637
2005-2006	\$ 6	,758,637	\$	1,854,481	\$	579,336	\$	354,439	\$	599,839	\$	-	\$	8,238,176
2006-2007	\$ 8	,238,176	\$	1,891,571	\$	659,969	\$	360,513	\$	606,473	\$	-	\$	9,822,730
2007-2008	\$ 9	,822,730	\$	1,929,402	\$	746,019	\$	366,708	\$	613,239	\$	_	\$	11,518,205
2008-2009	\$ 11	,518,205	\$	1,967,990	\$	850,000	\$	372,000	\$	620,000	\$	-	\$	13,344,196
						Cer	nter	City						
Fiscal		lance	Г	Net Tax		Other	П	ebt Service		perations		Projects		Year End
Year		rward		Increment			١.	ent Service	_	perations		Projects		Вајалсе
2004-2005		958,087	\$	1,255,723	\$	1,586,199	\$	1,714,212	\$	1,796,749	\$	1,243,847	\$	45,202
2005-2006		45,202	\$	1,280,838	\$	1,346,409	\$	1,731,886	\$	1,665,307	\$	_	\$ 5	(724,745)
2006-2007		724,745)	\$	1,306,454	\$	1,730,820	\$	1,739,908	\$	1,684,972	\$		69	(1,112,351)
		,112,351)		1,332,584	\$	1,373,705	\$	1,743,527	\$	1,705,029	65	-	\$	(1,854,619)
2008-2009	\$ (1,	,854,619)	\$	1,359,235	\$	1,500,000	\$	1,747,000	\$	1,713,014	\$ \$	-	\$	(2,455,399)
						Cir	narı	ron					-	
Fiscal	Ва	lance		Net Tax		Other	D	ebt Service		perations		Projects		Year End
Year		rward		Increment				ent Service	Ų	perations		Projects		Balance
2004-2005		905,708	\$	197,126	\$	206,670	\$	357,249	\$	477,530	\$	-	\$	474,725
2005-2006		474,725	\$	609,068	\$	139,440	\$	357,196	\$	436,065	\$	-	\$	429,972
2006-2007		429,972	\$	621,249	\$	140,342			-	444,772	-	-		381,551
	\$					140,042	\$	365,241	\$	444,112	65	-	\$	001,001
2008-2009		381,551	\$	633,674	\$	138,780	\$	365,241 361,593	\$	453,652	\$		\$	338,760
Guasti									_					
	\$	381,551 338,760				138,780 139,000	\$	361,593 362,000	\$	453,652	\$		\$	338,760
Fiscal			\$	633,674	\$	138,780 139,000 G	\$ \$ Suas	361,593 362,000 sti	\$	453,652 453,000	\$	-	\$	338,760
	Ва	338,760	\$	633,674 646,348	\$	138,780 139,000	\$ \$ Suas	361,593 362,000	\$	453,652	\$		\$	338,760 309,108
Fiscal	Ba Fo:	338,760 lance	\$	633,674 646,348 Net Tax	\$	138,780 139,000 G	\$ \$ Suas	361,593 362,000 sti	\$	453,652 453,000	\$	-	\$	338,760 309,108 Year End Balance
Fiscal Year	Ba Fo:	338,760 lance rward	\$	633,674 646,348 Net Tax	\$	138,780 139,000 G	\$ \$ Guas	361,593 362,000 sti ebt Service	\$ \$	453,652 453,000 Operations	\$	- Projects	\$	338,760 309,108 Year End Balance 20,567
Fiscal Year 2004-2005	Ba Fo:	338,760 lance rward 20,660	\$ \$!	633,674 646,348 Net Tax Increment 38,490	\$	138,780 139,000 G Other 38,334	\$ \$ uas De	361,593 362,000 sti ebt Service 21,084	\$ \$	453,652 453,000 Operations 55,834	\$	- Projects	\$	338,760 309,108 Year End Balance 20,567 20,821
Fiscal Year 2004-2005 2005-2006	Ba Fo: \$ \$	338,760 lance rward 20,660 20,567	\$ \$ \$	633,674 646,348 Net Tax Increment 38,490 39,260	\$ \$ \$	138,780 139,000 G Other 38,334 34,550	\$ \$ Buas Di	361,593 362,000 sti ebt Service 21,084 21,506	\$ \$ \$	453,652 453,000 Operations 55,834 52,050	\$ \$	- Projects -	\$ \$	338,760 309,108 Year End Balance 20,567
Fiscal Year 2004-2005 2005-2006 2006-2007 2007-2008	Ba Fo: \$ \$	338,760 lance rward 20,660 20,567 20,821	\$ \$ \$ \$	633,674 646,348 Net Tax Increment 38,490 39,260 40,045	\$ \$ \$	138,780 139,000 G Other 38,334 34,550 34,941	\$ Suas	361,593 362,000 sti ebt Service 21,084 21,506 21,936	\$ \$ \$ \$	453,652 453,000 Operations 55,834 52,050 52,441	\$ \$ \$ \$	- Projects - -	\$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431
Fiscal Year 2004-2005 2005-2006 2006-2007 2007-2008	Ba Fo: \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431	\$ \$ \$ \$	633,674 646,348 Net Tax Increment 38,490 39,260 40,045 40,846	\$ \$ \$ \$ \$	138,780 139,000 Other 38,334 34,550 34,941 35,340	\$ suas	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000	\$ \$ \$ \$ \$ \$ \$	453,652 453,000 perations 55,834 52,050 52,441 52,840	\$ \$ \$ \$ \$	Projects	\$ \$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402
Fiscal Year 2004-2005 2005-2006 2006-2007 2007-2008	Ba Fo: \$ \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431	\$ \$ \$ \$ \$	633,674 646,348 Net Tax Increment 38,490 39,260 40,045 40,846	\$ \$ \$ \$ \$	138,780 139,000 G Other 38,334 34,550 34,941 35,340 35,000 development	Suas Diss	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000 sject Areas To	\$ S S S S S S	453,652 453,000 operations 55,834 52,050 52,441 52,840 53,000	\$ \$ \$ \$ \$	Projects	\$ \$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402
Fiscal Year 2004-2005 2005-2006 2006-2007 2007-2008 2008-2009	Ba Fo: \$ \$ \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431 22,402	\$ \$ \$ \$ \$	633,674 646,348 Net Tax increment 38,490 39,260 40,045 40,846 41,663	\$ \$ \$ \$ \$	138,780 139,000 Other 38,334 34,550 34,941 35,340 35,000	Suas Diss	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000	\$ S S S S S S	453,652 453,000 perations 55,834 52,050 52,441 52,840	\$ \$ \$ \$ \$	Projects	\$ \$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402 23,066
Fiscal Year 2004-2005 2005-2006 2006-2007 2007-2008 2008-2009	Baa Fo: \$ \$ \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431 22,402	\$ \$ \$ \$ \$	633,674 646,348 Net Tax increment 38,490 39,260 40,045 40,846 41,663	\$ \$ \$ \$ \$	138,780 139,000 G Other 38,334 34,550 34,941 35,340 35,000 development	\$ Suas Suas Suas Suas Suas Suas Suas Suas	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000 sject Areas To	\$ S S S S S S	453,652 453,000 operations 55,834 52,050 52,441 52,840 53,000	\$ \$ \$ \$ \$	Projects	\$ \$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402 23,066 Year End
Fiscal Year 2004-2005 2005-2006 2007-2008 2008-2009 Fiscal Year 2004-2005 2005-2006	Ba Fo: \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431 22,402 lance rward 199,885 176,685	\$ \$ \$ \$ \$ \$ \$ \$ \$	633,674 646,348 Net Tax ncrement 38,490 39,260 40,045 40,846 41,663 Net Tax ncrement	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	138,780 139,000 Other 38,334 34,550 34,941 35,340 35,000 development	\$ suas substituting substitution substituting substitutin	361,593 362,000 sti ebt Service 21,084 21,506 22,375 23,000 ept Areas To	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	453,652 453,000 Operations 55,834 52,050 52,441 52,840 53,000	(4) (4) (4) (4) (4) (4) (4) (4) (4) (4)	Projects	\$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402 23,066 Year End Balance
Fiscal Year 2004-2005 2005-2006 2007-2008 2008-2009 Fiscal Year 2004-2005 2006-2007	Ba Fo: \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	lance rward 20,660 20,567 20,821 21,431 22,402 lance rward 199,885	\$ \$ \$ \$ \$	Net Tax ncrement 38,490 39,260 40,045 40,846 41,663 Net Tax ncrement 19,749,907	\$ \$ \$ \$ \$ \$ \$ \$ \$	138,780 139,000 Other 38,334 34,550 34,941 35,340 35,000 development Other 11,674,203	\$ Suass	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000 uject Areas To ebt Service 17,631,315	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	453,652 453,000 perations 55,834 52,050 52,441 52,840 53,000 perations 7,576,953	(A)	Projects	\$ \$ \$ \$ \$	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402 23,066 Year End Balance 21,176,685
Fiscal Year 2004-2005 2005-2006 2007-2008 2008-2009 Fiscal Year 2004-2005 2006-2007	Ba Fo: \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$ \$	338,760 lance rward 20,660 20,567 20,821 21,431 22,402 lance rward 199,885 176,685	\$ \$ \$ \$ \$ \$	Net Tax ncrement 38,490 39,260 40,045 40,846 41,663 Net Tax ncrement 19,749,907 23,212,163	\$ \$ \$ \$ \$ \$ \$ \$ \$ \$	138,780 139,000 Other 38,334 34,550 34,941 35,340 35,000 development Other 11,674,203 5,438,905	\$ SUASS SUBSECTION OF SUBSECTI	361,593 362,000 sti ebt Service 21,084 21,506 21,936 22,375 23,000 oject Areas To ebt Service 17,631,315 17,708,276	s s s s s tal	453,652 453,000 0perations 55,834 52,050 52,441 52,840 53,000 0perations 7,576,953 7,468,808	69 69 69 69 69 69 69 69	Projects	6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6	338,760 309,108 Year End Balance 20,567 20,821 21,431 22,402 23,066 Year End Balance 21,176,685 24,062,532

Net Tax Increment receipts net of housing set-asides, pass through payments, and othe deductions.

Source: Ontario Redevelopment Agency, 2004-05 Budget Cash Flow Projections.





4.0 HOUSING PRODUCTION PROGRAM

CRL Section 33490 requires implementation plans to contain a housing production program for five- and ten-year periods, and for the rest of the plan's lifetime. The programs should show how the Agency will address CRL Sections 33334.2, 33334.4, 33334.6, and 33413. Specifically, the housing production program must describe the number of housing units to be developed. substantially rehabilitated, price-restricted. otherwise assisted, or destroyed. In addition, the housing production program must describe the Agency's plans for using its annual deposits in the Low- and Moderate-Income Housing Fund.

CRL Sections 33334.2 and 33334.6 oblige the Agency to establish a Low- and Moderate-Income Housing Fund for the purposes of increasing, improving and preserving the City's supply of low- and moderate-income housing. CRL Section 33334.4 states that it shall be the policy of each redevelopment agency to use the Low- and Moderate-Income Housing Fund to, "... assist housing for persons of very-low and low-income in at least the same proportion as the total number of housing units needed for those income groups which are not being provided by other governmental programs bears to the total number of units needed for persons of moderate, low- and very-low income within the community."

Finally, CRL Section 33413 establishes various housing production requirements, including standards for replacing housing units lost as a result of Agency activities, standards for the production of low- and moderate-income housing units provided by parties other than the Agency, the ratio of very-low income housing units to low- and moderate-income housing units produced in any project area, the length of time that units must be affordable, and requires the preparation of a

plan showing how the requirements of CRL Section 33413 will be met. The affordable housing plan must also be consistent with the City's Housing Element. The Agency adopted its affordable housing plans on December 6, 1994, and December 21, 1999, as part of the previously-prepared Implementation Plans.

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The following sections summarize general issues relative to low- and moderate-income housing in the City of Ontario, detailed housing production requirements, housing production in the Project Areas, identified inclusionary housing needs, projected housing needs through the five-year planning period, replacement housing needs, current housing programs, and a five-year production plan.

4.1 HOUSING PRODUCTION REQUIREMENTS

Besides replacement housing (see Subsection 4.2.4 below), CRL Section 33413 has two basic inclusionary housing production requirements that are applicable to the Project Areas and this Implementation Plan:

- 1. At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, not less than 50 percent must be available to very-low income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
- 2. At least 15 percent of all new dwelling units developed by parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, not less than 40 percent must be available at affordable costs to very-low income households. This requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Areas, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside a Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-for-one basis.

3. Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CRL Section 33413(c).

4.2 PAST HOUSING PRODUCTION

Over 3,800 housing units have been built in the Project Areas since the inception of redevelopment activities. Most of the units have been market-rate developments without affordability covenants, but approximately 330 units meet the affordable housing production requirements. Housing production by Project Area is summarized in Table 5, below.

Table 5
HISTORICAL HOUSING PRODUCTION
(Project Areas Only)

Project Area	Total No. of Units	Affordable Units	Very-Low Units
Project Area No. 1	0	0	0
Project Area No. 2	2,233	153	76
Center City	447	150	17
Cimarron	1,138	31	0
Guasti	0	0	0
Total	3,818	334	93

Source: Ontario Redevelopment Agency.

4.2.1 DEMOLITION ACTIVITY AND REPLACEMENT HOUSING

CRL Section 33413(a) requires that housing units destroyed by the Agency be replaced with units containing an equal or greater number of bedrooms, and that the affordability of the replacement units correspond with the affordability levels of the destroyed



units. According to Agency records, 189 housing units in the Project Areas have been demolished to date, and have been replaced with 209 units, resulting in a current Agency surplus is 20 units. Replacement units meet the requirements of CRL Section 33413(a), thus, the Agency maintains compliance in this regard.

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4.2.2 AGENCY PROGRESS IN MEETING AFFORDABLE HOUSING PRODUCTION

The Agency carefully monitors housing production and demolition in the Project Areas to ensure compliance with affordable housing requirements. many housing units have been built in the Project Areas, the resulting affordable housing requirement is substantial. However, since new housing developments have included only a limited amount of affordable housing units, the Agency uses other strategies to increase the number of units that are available with required affordability covenants. The Agency has actively pursued opportunities to create affordability covenants on existing multi-family developments both within and outside the Project Areas. To date, the Agency has provided a total of 502 units, half of which (251 units) may be counted toward meeting the inclusionary housing requirement.

Based on the production of 3,818 dwelling units in the Project Areas through 2004, the total low- and moderate-income housing requirement is 573 units (15% of 3,818 units). Of these units, at least 229 must be reserved for very low-income households (40% of 573 units). Based on housing production thus far, the Agency currently has a net surplus of 12 affordable units, but a net deficit of 94 very-low income housing units (see Table 6, below). This represents an improvement over the 1999 low- and moderate-income housing unit deficits. At that time there was a total deficit of 108 units, and 151 very-low income units.

To offset the continuing deficits, the Agency intends to continue its strategy of purchasing affordability covenants on existing multi-family housing, as well as encouraging the development of affordable housing projects. Pursuant to CRL Section 33413(b)(2)(C), the number of affordability covenants purchased will not account for more than 50% of the Section 33413 unit requirements, and that at least 50% of the units made

available from the purchase of such covenants will be offered at a very low-income housing cost. Such units shall be available at affordable housing costs for the longest feasible time, but not less than 55 years for rental units and 45 years for owner-occupied units, as set forth in the Section 33413.

Table 6

Combined Project Areas Housing Production Program

s of which ne)	Deficit)	Very-Low Income		(151)	56	(94)		45	39	(37)	18	63	128	74		108
Inclusionary Requirements (15% Affordable Housing, 40% of which available to Very-Low Income)	Surplus (Deficit)	Affordable		(108)	121	12		45	38	(0)	10	23	116	184		312
clusionary R ordable Hou lable to Ver	Very-Low	Income		215	15	229		0	F	72	18	23	114	0		343
Inc (15% Affe avail	-	Attordable		536	36	573		0	3	180	45	25	285	0		858
pə		Very-Low Income	:	64	71	135		45	40	35	36	98	242	74	riod	451
sing Produc	Total Production	Affordable	h 2004	428	157	585	n Plan	45	41	180	55	80	401	184	Planning Pe	1,170
ncome Hous	A (50%) dit)	Very-Low Income	Production through 2004	36	9	42	5-Year Production Plan	45	24	0	36	26	131	74	of 10-Year F	247
Affordable and Very-Low Income Housing Produced	Outside PA (50% Credit)	Affordable	Produ	214	37	251	5-Ye	45	22	0	10	20	100	184	Status at End of 10-Year Planning Period	535
ordable and	ject Area	Very-Low Income		28	65	93		0	16	35	0	09	111	0	Ste	204
Affc	Inside Project Area	Affordable		214	120	334		0	16	180	45	09	301	0		635
Total Construction	Subject to Inclusionary	Calculations		3,576	242	3,818		0	20	1,202	300	381	1,903	0		5,721
	Period			Through 1999	2000 to 2004	Total		2005	2006	2007	2008	2009	Total	2010 to 2014		Total

Source: GRC Redevelopment Consulants, 2005. Summarized from data provided by City of Ontario Housing Division



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4.2.3 HOUSING PRODUCTION PLAN

To address the housing needs identified in Section 4.2, above, the Housing Production Plan outlines a five-year annual program and ten-year goals to provide lower-income housing as shown in Table 6, above. Through implementation of the programs detailed in Section 4.4.2, the City seeks to provide for the construction of 401 lower-income dwelling units. Implementation of the plan will eliminate the deficit in very-low income housing by 2009 through the provision of 401 low- and moderate-income dwelling units, including 242 units for very-low income households.

Low- and moderate-income housing production in the 2010 through 2014 period is anticipated to produce 184 lower income dwelling units, including 74 very-low income units. Since the Project Areas will be built out for residential purposes by 2010, it is anticipated that all low- and moderate-income housing production will occur outside the Project Areas, and will not address inclusionary housing needs resulting from additional residential construction in the Project Areas.

4.3 HOUSING GOALS AND OBJECTIVES

The purpose of the Low- and Moderate-Income Housing Fund is to increase, improve, and preserve the community's supply of low- and moderate-income housing at affordable costs. In meeting this purpose, the Agency/City will focus on achieving a number of goals during the Implementation Plan period. These goals are designed to achieve the Agency's inclusionary housing requirement, are in conformance with the goals and priorities identified in the City's Housing Element:

GOAL 1: Expand the supply of housing in accordance with the land use designations and policies in the Land Use Element.

GOAL 2: Promote and encourage the provision of adequate housing to meet the needs of the community.

GOAL 3: Promote and encourage the rehabilitation of deteriorated dwelling units and the conservation of the currently sound housing stock.

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GOAL 4: Promote and encourage housing opportunities accessible to employment centers, quality community centers, and quality community services for all economic segments of the community, regardless of race, color, national origin, ancestry, religion, disability, sex, familial status, or marital status.

4.4 HOUSING SET-ASIDE OBLIGATION

Pursuant to CRL requirements, this Implementation Plan must provide estimates of the amounts to be deposited into the Agency's Housing Set-Aside Fund during the ensuing five-year period. This Implementation Plan must also include an estimated number of units to be assisted by these funds during the same period.

4.4.1 REQUIREMENTS FOR THE USE OF HOUSING SET-ASIDE FUNDS

The requirements for using housing set-aside funds are summarized as follows:

- Eligible Uses: These funds can be used in many ways as long as they increase, improve, or preserve the supply of low- and moderate-income housing. Authorized uses include acquisition of land and buildings, construction \mathbf{of} buildings, on-site improvements \mathbf{or} off-site improvements: rehabilitation of buildings; paying a portion of the interest and principal on bonds issued to finance low- and moderate-income housing, the preservation of housing subsidized by federal, state, or local government and subject to conversion to market rate rental; the maintenance of the community's supply of mobilehomes, and provision of subsidies (under certain restrictions) for financing of housing.
- Eligible Households: Funds must be spent on housing that is "available at affordable housing cost" to persons and households whose incomes do not exceed the low- and moderate-income level (maximum 120% of the area median income as established by HCD using HUD standards).

- Targeting of Assistance: Agencies are required to spend the funds to assist very-low and lower income households in at least the same proportion as the total number of units needed in these two categories that are not being provided by other governmental programs bears the total number of units needed in the community for very-low, lower-, and moderate-income households. Note that this requirement is applicable over the life of the development project and does not have to be satisfied within a particular project that is assisted.
- Income Definitions: Very-low income and lower income definitions are based on the limits published by HUD for the Section 8 program and may differ from the applicable percentages (50% and 80% of median, respectively) because of special adjustments such as for high cost areas.
- Affordable Housing Cost Definition: Rent (including utility allowances) cannot exceed the following amounts adjusted for household size appropriate for a particular size unit:

Income Level	Rental	Ownership
Very-Low Income	30% of 50% of median income	30% of 50% of median income
Lower Income	30% of 60% of median income (1)	30% of 70% of median income (1)
Moderate Income	30% of 110% of median income (1)	35% of 110% of median income but no less than 28% of actual income (1)

⁽¹⁾ With optional higher housing cost linked to actual income at the upper end of the income category.

 Affordability Controls: Controls must be for the longest feasible time, but not less than fifteen (15) years prior to 2002. For post-2001 housing projects, affordability controls are 45 years for single-family development, and 55 years for multi-family development.

4.4.2 PROGRAMS TO FUND HOUSING PRODUCTION PLAN

Tax Increment for 2005-2009

During each of the next five years, tax increment funds available to the Agency are expected to increase. Table 7 outlines the expected funds. As required by the CRL, the Agency will set aside at least 20% of these funds toward the Housing Production Plan for the purpose of increasing, improving, and preserving the supply of affordable housing.

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It should be noted that, as of July 1, 1999, the Agency combined the housing set-aside funds from all five Project Areas and now maintains one Housing Set-Aside Fund. This fund is administered by the City's Housing Agency.

Table 7
PROJECTED LOW- AND MODERATE INCOME HOUSING
FUND DEPOSITS

Fiscal Year	Annual Deposit	Cumulative Deposits
6/30/04 Balance	N/A	\$19,245,613
2004-2005	\$6,464,522	\$25,710,135
2005-2006	\$6,593,812	\$32,303,947
2006-2007	\$6,725,689	\$39,029,636
2007-2008	\$6,860,202	\$45,889,838
2008-2009	\$6,997,404	\$52,887,242

Source: City of Ontario Housing Agency, 2004.

Other Funding Programs

Additional funding sources that may be available to the City and Agency to further implement the Housing Production Plan include:

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	Program Type	Program Name	Description	Eligible Activities
1.	Federal Programs	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	 Acquisition Rehabilitation Homebuyer assistance Homeless assistance Public services
		Home Investment Partnership Act (HOME)	Grants that can be used for various housing activities. Funds must be used to assist low-income households. Administered by HUD.	 New construction Acquisition and Rehabilitation Homebuyer assistance Tenant-based assistance Planning
		Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low income tenants. Administered by HUD.	Rental assistance
	·	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	 Acquisition Rehabilitation New construction Rental assistance Support services
2.	State Programs	California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	Homebuyer Assistance
		California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	New ConstructionRehabilitationAcquisition
		School Facility Fee Down Payment Assistance Program	Homebuyers receive down payment assistance in the form of a forgivable grant based on the amount of school facility fees the developer paid.	Homebuyer Assistance

	Program Type	Program Name	Description	Eligible Activities
	•	Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	 New Construction Rehabilitation Acquisition of properties from 20 to 150 units
		Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	New ConstructionRehabilitationPreservation
		Downtown Rebound	Funds to facilitate infill development & conversion of commercial buildings for live-work spaces. Administered by HCD.	RehabilitationConversion
3.	Local/County Programs	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	New ConstructionRehabilitationAcquisition
		Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Local agencies make certificates available.	Homebuyer Assistance
		San Bernardino County Mortgage Revenue Bond	Bonds used to finance the development of multi-family housing for lower- & moderate-income households.	New Construction
4.	Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; mortgages which fund the purchase & rehabilitation of a home; low down-payment mortgages for single-family homes in underserved lowincome & minority communities.	Homebuyer assistance Rehabilitation

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Program Type	Program Name	Description	Eligible Activities
	California Community Reinvestment Corporation (CCRC)	Non-profit mortgage banking consortium designed to provide long term debt financing for affordable multi-family rental housing. Non-profit & for profit developers contact member banks.	New ConstructionRehabilitationAcquisition
	Federal Home Loan Bank Affordable Housing Program	Direct subsidies to non- profit and for-profit developers & public agencies for affordable low income ownership & rental projects	New Construction
	Low Income Housing Fund (LIHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non- profits & government agencies.	 Redevelopment costs Site acquisition Construction Rehabilitation
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first- time homebuyer, housing rehabilitation, or new construction assistance.	Varies, depending on individual program offered by bank

4.4.3 PROJECTED EXPENDITURES AND HOUSING SET-ASIDE FUND BALANCES

As of June 30, 2004, the balance in the Housing Set-Aside Fund was approximately \$19.2 million, as shown in Table 7, above. Table 7 also shows the projected housing set-aside revenues over the next five years.

The Agency is to use its housing set-aside funds for the following major housing programs and activities.

• CARES: "Ontario CARES" is a high visibility program of exterior property improvement, landscaping and public improvements in various single-family neighborhoods throughout the City.

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- In-Fill Housing Development Program: This program provides financial incentives to encourage development of compatible in-fill housing on vacant sites, or sites with deteriorated structures, in targeted neighborhoods throughout the City.
- Multi-Family Property Improvement Program: The purpose of this program is to facilitate the acquisition, substantial rehabilitation and professional management of selected projects in high-density neighborhoods.
- Senior Housing Development: The Agency plans to assist in the development of affordable senior housing projects by selling parcel(s) that it owns to qualified housing developers.
- Program Administration and Monitoring: In addition to on-going program administration and development, this includes monitoring Agency assisted housing projects to insure compliance with affordability, maintenance requirements and revenue sharing according to applicable agreements. It also includes the development new strategies to meet the Agency's housing goals and obligations.

4.5 AGENCY MONITORING PROCESS

Monitoring is a required component of the affordable housing plan. Assessing progress in achieving non-housing goals is part of the annual budgeting and financial reporting process that already occurs. The mid-term review of the Implementation Plan, due between December 2006 and 2007, will provide an opportunity to review and monitor progress in meeting the Agency's goals.

On an annual basis, the Agency will collect the following information on new construction:

- Developer type (non-profit or for-profit)
- Market segment and type of housing (family, senior, ownership, rental, etc.)
- Number of newly constructed (or substantially rehabilitated) units

- Number of restricted units by income category and program (e.g., low-income housing tax credit, CDBG, HOME, Agency-assisted, etc.)
- Type of affordability covenant or restriction and time period

The above information allows the Agency to determine whether affordable housing unit production goals are being met in a timely fashion. In addition, it assists the Agency in monitoring its progress in meeting goals established in the Implementation Plan and 1999 Replacement Housing Plan.

A second component of the monitoring process is to oversee that affordability of restricted units is maintained. The Agency is already required to collect the information indicated below as a part of its reporting on redevelopment housing activities to the Department of Housing and Community Development. In those instances where other finding programs, such as the California Housing Finance Agency or CDBG, already require this annual monitoring of restricted units, the Agency can obtain copies of existing information and avoid collecting additional data. The required information includes the following:

- Affordable rental units: For each unit, the amount of rent charged, and the income and household size of the household occupant. This information must be certified by the occupant.
- Affordable ownership units: If there is a change in ownership, the income and household size of the new owner needs to be verified.

Information collected will be entered into the affordable housing database. It will be available for use when reports are required.

4.6 DEMOGRAPHICS

According to data collected from the U.S. Census Bureau, the population of the City of Ontario in 2000, was 158,007, or which 148,685 (86.7%) were under 65 years of age.

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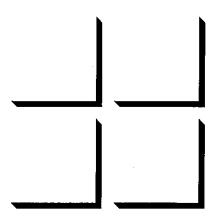
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5.0 ADMINISTRATION OF THE IMPLEMENTATION PLAN

The Ontario Redevelopment Agency shall be responsible for administering this Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to this Plan.

5.1 PLAN REVIEW

At least once within this Plan's five year term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plans and this Implementation Plan, and evaluating the progress of the Agency's redevelopment program. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Implementation Plan. Note that the Agency may choose to conduct a single public hearing applicable to all adopted redevelopment projects up to that time, or may conduct separate public hearings for each Project Area.

Notice of the public hearing to review the Redevelopment Plans and this Implementation Plan shall be published pursuant Section 6063 of the Government Code and posted in at least four permanent places within each Project Area for a period of at least three weeks. Publication and posting of the notice shall be completed not less than 10 days prior to the date set for hearing.

5.2 PLAN AMENDMENT

Pursuant to CRL Section 33490, this Implementation Plan may from time to time be amended after holding a public hearing on the proposed amendment. (

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5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plans. Such funding sources include, but are not limited to financial assistance from the City, State of California, federal government, property tax increments, interest income, Agency bonds secured by tax increment or other revenues, or any other legally available revenue source. Although the sources of revenue utilized by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency which reduce the taxable value of land or improvements in the Project Areas. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency, may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the potential programs and activities described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.

5.4 REDEVELOPMENT PLAN CONTROLS

If there is a conflict between this Implementation Plan and the Redevelopment Plans or any other City or Agency plan or policy, the Redevelopment Plans, or policy shall control.

ATTACHMENT B CITY OF UPLAND (2005)

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MIDTERM UPDATE OF THE FIVE-YEAR IMPLEMENTATION PLAN 2005-2009

FOR THE

UPLAND COMMUNITY REDEVELOPMENT PROJECT

Prepared By:

URBAN FUTURES, INC.

In Conjunction With:

THE UPLAND COMMUNITY REDEVELOPMENT AGENCY

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Executive Summary

Introduction

In December 1994, the Upland Community Redevelopment Agency (the "Agency") adopted a Five-Year Implementation Plan (the "Plan") for its two redevelopment project areas. The Plan, prepared pursuant to California Community Redevelopment Law, as codified in the California Health and Safety Code (hereafter referred to as "CCRL"), Section 33490(a)(1), outlines specific goals, objectives and programs for the five-year implementation period, 1995-1999. This Midterm Update (the "Update") has been prepared in accordance with Section 33490(c)(3) which requires redevelopment agencies to conduct a public hearing for the purpose of reviewing their redevelopment and corresponding implementation plans, and evaluating the progress of redevelopment project(s). The Update is intended to serve as a tool for focusing the public hearing on implementation activities to date and how efforts could be redirected, if necessary, to ensure that the goals and objectives of the Redevelopment and Implementation Plans are met. State law prescribes the timeframe in which the public hearing must be conducted. Specifically, the public hearing must be conducted within three years of adoption of the Plan. It should be emphasized that the Update does not negate the requirement for preparing a new implementation plan according to the statutory five-year planning cycle. That is, a new plan will have to be prepared for the 2000-2005 period. However, it is expected that the Update will facilitate completion of the subsequent plan as it contains information on activities undertaken in the first three years of Plan implementation.

The Update retains information from the original Plan with updated text and tables. The Update also has been reformatted, including reordering of sections to reflect an emphasis on information pertaining to the update process. Headings and subheadings have also been added to improve readability.

The geographical scope of the Update encompasses the Amended Merged Project Area, created though the consolidation of the Canyon Ridge Redevelopment Project, the Arrow-Benson Redevelopment Project, the Seventh - Mountain Redevelopment Project, the Airport Area Redevelopment Project and the Foothill Corridor Redevelopment Project (the "components") and the Town Center Project Area.

Information contained in this Update is based on a review of Agency reports and budgets as well as discussions with planning staff. For Fiscal Years 1994-95 and 1995-96, actual budget expenditure and program data were used. The best available preliminary year-end budget data was incorporated for 1996-97, and updated projections for the remaining two years of the planning cycle were obtained from Agency reports or were developed as part of the Update.

Agency Accomplishments

Since adoption of the Redevelopment Plans, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, Project Area blight reduction and achievement of the Agency's goals and objectives. The Agency has realized the implementation of affordable housing programs, including the opening of the new Coy D. Estes Senior Housing Project and the George M. Gibson Senior Center in July, 1997, and formation of a Joint Powers Authority with five other cities to implement an innovative Lease-to-Own First-Time Homebuyer Program. The Agency has also sponsored numerous economic enhancement programs, including implementation of the Business Visitation Program to enhance business retention and addition of a business information component

to the City's Internet website. A description of the Agency's housing and non-housing programs can be found in Section V of this document.

Conclusion

As reflected in the Update, since the adoption of the implementation plan, the Agency has:

 Continued to achieve one of the fundamental goals of redevelopment which is the production, improvement and preservation of the community's supply of housing affordable to very low- and low- and moderate-income households. This goal has been accomplished through the execution of the following requirements:

An agency must use at least 20 percent of tax increment revenue to increase, improve and preserve the supply of affordable housing (CCRL 33334.2);

An agency must replace all affordable housing units and bedrooms which are removed as a result of a redevelopment project (CCRL 33413 (a));

An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units developed by an agency or by public or private entities other than the agency are affordable to very low-, low-and moderate-income persons (the "inclusionary rule", CCRL 33413(b)(1) and CCRL 33413(b)(2)).

- Has a surplus of affordable housing thereby exceeding its inclusionary rule requirement.
- An active and effective non-housing and economic development program.
- Utilized its low- and moderate-income housing set-aside fund in sufficient amounts to ensure that an "excess surplus" does not exist.

Recommendations

Based on the analysis contained in the Update, several recommendations have been made. These recommendations address actions the Agency should take to ensure that all of its redevelopment goals and objectives continue to be met:

- The Agency should continue its efforts to acquire non-RDA funding to carry out projects and programs directed at expanding, improving and preserving affordable housing (i.e., HOME, CDBG, etc.).
- The Agency should continue to spend its LMI funds over the implementation period to ensure compliance with redevelopment law concerning fund balances.
- The Agency should work with the Housing Authority in refinancing the Americana and Armstrong Apartments.
- The Agency should consider expanding its redevelopment project areas in order to continue and expand its economic development and housing efforts.

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1.0. Introduction

1.1 Overview

In January 2005, the Agency adopted a five-year Implementation Plan (the "Plan"), which was the third in a series of redevelopment implementation plans mandated since 1994 by the State legislature's adoption of Assembly Bill (AB)1290, which added Section 33490 to the California Community Redevelopment Law (CCRL; California Health and Safety Code section 33000 *et seq.*). The City of Upland Community Redevelopment Agency (the "City" and the "Agency," respectively) adopted its first implementation plan (the "1995-99 Implementation Plan") on December 22, 1994, by its Resolution No. 09-94, and its second implementation plan (the "1999-2004 Implementation Plan") on December 13, 1999, by its Resolution No. 34-99. The third and current 2005-2009 Implementation Plan was adopted on January 24, 2005 by its Resolution No. xxxx

The Plan, prepared pursuant to CCRL Section 33490(a)(1), outlines specific goals, objectives and programs for the five-year implementation period, 2005-2009, as amended by the 2006 Amendment to the Redevelopment Plans (the "2006 Amendment"). The 2006 Amendment accomplished two actions:

- Added 363 acres of Added Territory to the Magnolia Project Area for the purpose of implementing redevelopment projects and programs designed to, among other things, upgrade public facilities and infrastructure, promote and facilitate economic and job growth, provide additional affordable housing opportunities, and generally improve the quality of life for residents, businesses, and property owners included within the limits of the Added Territory specifically, and throughout the other Project Areas and community overall; and
- Merged the Agency's three Projects (Merged Project, Town Center Project, and Magnolia Project) thereby enabling the Agency to (a) more effectively administer and implement redevelopment projects and programs, and (b) have greater flexibility with respect to long-term project financing.

This Midterm Update addresses the Upland Community Redevelopment Project and has been prepared in accordance with CCRL Section 33490(c)(3). Information contained in this Update is based on a review of Agency reports and budgets as well as discussions with planning staff. For Fiscal Years 2003-04 through 2007-08, actual budget expenditure and program data were used. The best available preliminary year-end budget data was incorporated for FY 2008-09, and updated projections for the remaining year of the planning cycle were obtained from Agency reports or were developed as part of the Update.

1.2 AB 1290 Regulatory Framework

On October 6, 1993, Governor Pete Wilson signed Assembly Bill 1290 (AB 1290). The Bill included requirements for implementation plans and midterm reviews:

1.2.1 Implementation Plan

One of the provisions of AB 1290 is the requirement that each agency adopt a five-year implementation plan. This requirement reflects a strong legislative concern that redevelopment activities are directly linked to the elimination of blight. To that end, AB 1290 also requires agencies to periodically evaluate their activities to ensure that this linkage is maintained. Each agency that has adopted a redevelopment plan prior to December 31, 1993, must adopt, after a public hearing, an implementation plan on or before December 31, 1994. Thereafter, the implementation plan shall be revised and adopted every five years.

The implementation plan must describe Agency goals and objectives for the project area; specific programs, including potential projects and estimated expenditures to be made during the next five years; and an explanation of how these goals, objectives, programs and expenditures will eliminate blight remaining in the project area(s). A complete discussion of the plan requirements and how this Plan must demonstrate compliance is found in Section VI.

1.2.2 Midterm Public Hearing

CCRL Section 33490(3)(c) also requires each agency to hold a public hearing and hear testimony from all interested parties for the purpose of reviewing the redevelopment and the corresponding implementation plans. This review must occur at least once within the five-year term, within three years of adoption of the implementation plan. The Update has been prepared to facilitate the review and evaluation of the 2006 Merged Project and the Agency's Implementation Plan.

1.3 Project Areas Locations and Boundaries

This Implementation Plan Update addresses the Agency's three redevelopment projects¹—the Amended Merged Redevelopment Project (the "Merged Project" or "Merged Project Area," as may apply), the Town Center Redevelopment Project (the "Town Center Project" or "Town Center Project Area," as may apply; and the Amended Magnolia Redevelopment Project (the "Magnolia Project" or "Magnolia Project Area", as may apply). The Magnolia Project was adopted on November 10, 2003 by Upland City Council Ordinance No. 1760 and amended on July 10, 2006 to add 363 acres (the "Added Territory") by Ordinance No. 1801. Hereafter, the Merged Project, the Town Center Project, and the Magnolia Project are collectively referred to as the "Projects" or "Project Areas," as may be applicable). The Project Areas, which are shown in Figure 1, *infra*, contain a mix of older residential, commercial, industrial, recreational and public facilities uses as described *infra*.

1.3.1 Merged Project Area

The 894-acre Merged Project Area, as amended, consists of five (5) separate subareas, extending in irregular patterns throughout the City. It is comprised of a mixture of commercial, industrial and residential properties, primarily lining the Foothill Boulevard and Mountain Avenue corridors. The Merged Project Area was created through the consolidation of the Canyon Ridge Redevelopment Project, the Arrow-Benson Redevelopment Project, the Seventh - Mountain Redevelopment Project, the Airport Area Redevelopment Project and the Foothill Corridor Redevelopment Project, as authorized by Ordinance No. 1431, July 12, 1988.

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A brief description of each of the five areas, or "component areas," of the Merged Project Area follows:

- The Canyon Ridge Component Area consists primarily of single-family uses. This
 project was adopted for the purpose of constructing infrastructure improvements.
- Arrow-Benson Component Area contains two apartment developments. This project
 was established to address area-wide drainage problems and the need for public
 improvements to encourage low- and moderate-income housing.
- The Seventh Mountain Component Area contains mostly retail and other commercial developments.
- The Airport Area Component Area consists primarily of commercial, residential and airport-related industrial uses.
- The Foothill Corridor Component Area contains mostly retail and other commercial improvements.

In 1994, the Agency amended the Redevelopment Plan for the Merged Project to establish a uniform expiration year for each constituent plan's Project Area. Subsequently, in 2004, consistent with the provisions of Senate Bill 211 ("SB 211"), the Agency amended the Redevelopment Plan for the Merged Project (Ordinance No. 1763) to extend the time limit on the effectiveness of that Plan to July 1, 2015, and the time limits on paying indebtedness and receiving tax increment to July 1, 2025.

1.3.2 Town Center Project Area

The Town Center Project Area was originally adopted June 22, 1992. Subsequently, on June 23, 2003, the Town Center Project Area was amended for the sole purpose of deleting certain parcels (6.79 acres). The approximately 133-acre project area, as amended, contains a mix of commercial, industrial, residential and public uses and incorporates the original downtown Upland area. As with the Merged Project, in 2004 and consistent with the provisions of SB 211, the Agency amended the Redevelopment Plan for the Town Center Project (Ordinance No. 1764) to extend the time limit on the effectiveness of the Town Center Plan to June 22, 2033, and the time limit on paying indebtedness and receiving tax increment to June 22, 2043.

1.3.3 Magnolia Project Area

The Magnolia Project Area was adopted on November 10, 2003 by Ordinance Number 1760 with approximately 483 acres of residential, industrial and commercial properties. The ordinance established November 10, 2033 as the plan effectiveness time limit and November 10, 2048 as the last date to receive tax increment. On July 10, 2006, the Magnolia Project Area was amended by Ordinance 1801 to add 363 acres of a primarily residential area known as College Heights for an amended acreage of 846. The plan effectiveness time limit for the Added Territory is July 10, 2036 and the last day to collect tax increment is July 10, 2051.

1.4 Terms and References within the Midterm Update

This Midterm Update references the elements of the redevelopment projects and project areas in four ways:

- Upland Community Project Area: The Upland Community Project area was created with
 the merging of the Agency's three Projects (Merged Project, Town Center Project, and
 Magnolia Project) in 2006 enabling the Agency to more effectively administer and
 implement redevelopment projects and programs due to expanded flexibility of financing
 options. Goals, Programs, Projects, Non-Housing Accomplishments, Housing
 Accomplishments, and the Nexus of Programs to Blight Elimination are described,
 analyzed and monitored in reference to the Upland Community Project Area.
- Merged Project, Town Center Project, and Magnolia Project: Although tax increment revenue, interest income, rental income, reserve fund earnings, and other sources of revenue are collected by project area, this Midterm Update aggregates the data for revenue and expenditures to present the data for the combined Upland Community Project Area given the merging of the project areas in 2006.
- 3. Affordable Housing: Affordable housing revenue and expenditures are presented and analyzed separately from non-housing expenditures. Revenue is obtained by tax increment in an amount equal to twenty percent of the gross amount collected in the Upland Community Project Area (the "setaside") and placed in a Low and Moderate Income (LMI) Housing Fund for specified purposes.
- 4. Project Components: The Merged Project and the Magnolia Project are comprised of several project areas or components as described in Section 1. These component areas have individual adoption and expiration dates, acreages, and, in the case of the Magnolia Added Territory Component Area, separate time limits. A summary of each redevelopment plan's history and data is contained in Table 1.

2.0. Historic Review of Project Area Formation

The Agency was established for the primary purpose of effecting the elimination of blight and stimulating the City's economic base through development of new public improvements, commercial and industrial projects, and affordable housing. In 1983, the Agency adopted the Canyon Ridge Community Redevelopment Project Area. In subsequent years, the Agency adopted four additional project areas. In 1988, these areas were merged into the Merged Project Area, in 1994 the area was amended to establish a uniform expiration date, and in 2004 the time limits were extended. In 1992, the Agency adopted the Town Center Project Area. In 2003, the Agency adopted the Magnolia Project Area. Although the project was not included in the 2005-2009 Implementation Plan because an initial implementation plan was contained in the Agency's Report to City Council, it will be included in this Midterm Update. In 2006, the Magnolia Project was amended to add 363 acres of Added Territory and the Amended Merged Project, the Town Center Project, and the Magnolia Project were merged into the Upland Community Redevelopment Project.

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	TABLI DEVELOPMENT I 006 MERGED PR	PLANS HISTORY	,	
	1988 Merged P	roject Area	· · ·	
Merger Adoption Date: Amendment No. 1 Adoption Date: Amendment No. 2 Adoption Date: Amendment No. 3 Adoption Date: Total 1988 Margard Project Amendment	July 12, 1 July 12, 1 May 28, 1 January 1	988 994 996 2, 2004	Ordinance No. 1431 Ordinance No. 1607 Ordinance No. 1630 Ordinance No. 1763	
Total 1988 Merged Project Area: approxi		T		
Maximum Tax Increment:	\$324,500,000	Maximum Bonded		\$114,500,000
Last Date to Collect Tax Increment:	······	 	Component Areas1	
Plan Effectiveness Time Limit:			l Component Areas ¹	
Last Date to incur Debt:		None for all Comp	onent Areas ¹	
CANYON	RIDGE COMMUNI	TY COMPONENT A	REA	
Plan Adoption Date:	July 5, 1983	Ordinance # 1318	}	
Component Project Area:		350 Acres		
AR	ROW-BENSON CO	MPONENT AREA		
Plan Adoption Date:	July 16, 1984	Ordinance # 1344		
Component Project Area:		30 Acres		
SEVE	NTH - MOUNTAIN	COMPONENT ARE	A	-
Plan Adoption Date:	July 15, 1985	Ordinance # 1357	,	
Component Project Area:		25 Acres	· · · · · · · · · · · · · · · · · · ·	
	RPORT AREA COM	IPONENT AREA		
Plan Adoption Date:	July 15, 1985	Ordinance # 1358	I	
Component Project Area:	22.9 12, 1002	193 Acres		
#*	HILL CORRIDOR (Δ	
Plan Adoption Date:		Ordinance # 1430	<u> </u>	.
Component Project Area:	July 12, 1988	296 Acres		
Component Project Area.				· · · · · · · · · · · · · · · · · · ·
	Town Cente	r Project		:
Plan Adoption Date: Amendment No.1 adoption date: Amendment No. 2 adoption date: Amendment No. 3 adoption date:	June 22, June 28, June 23, January 1	1999 ² 2003	Ordinance No. 1544 Ordinance No. 1683 Ordinance No. 1754 Ordinance No. 1764	
Total Project Area: 133 Acres				·
Maximum Tax Increment:	\$250,000,000	Maximum Bonded	l Indebtedness;	\$60,000,000
Last Date to Collect Tax Increment:	41.4.4.4.4.	June 22, 2043 ³		
Plan Effectiveness Time Limit:		June 22, 2033 ³		
Last Date to Incur Indebtedness:		None ³		
	Magnolla I	Prolect	· · · · · ·	1 1 :
Plan Adoption Date: Amendment No.1 adoption date:		er 10, 2003	Ordinance No. 1760 Ordinance No. 1801	
Total Project Area: 846 acres				
Maximum Bonded Indebtedness: \$100,0	· · · · · · · · · · · · · · · · · · ·			
· · · · · · · · · · · · · · · · · · ·	SINAL PROJECT C	OMPONENT AREA		
Plan Adoption Date: N	ovember 10, 2003	Ordinance # 1760)	

January 2009

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	TABLE 1 MENT PLANS HISTORY GED PROJECT AREA
Project Area:	483 Acres
Maximum Tax Increment: \$128,0	000,000
Last Date to Collect Tax Increment:	November 10, 2048
Plan Effectiveness Time Limit:	November 10, 2033 ³
Last Date to Incur Indebtedness:	November 10, 2023 ³
ADDED TERRI	TORY COMPONENT AREA
Plan Adoption Date: July 10	0, 2006 Ordinance # 1801
Project Area:	363 Acres
Maximum Tax Increment: \$210,0	000,000
Last Date to Collect Tax Increment:	July 10, 2051
Plan Effectiveness Time Limit:	July 10, 2036
Last Date to Incur Indebtedness:	July 10, 2026

¹ Pursuant to Amendment No. 3 adoption on January 12, 2004 by Ordinance No. 1763, time limit to incur indebtedness was eliminated and other time limits were extended in accordance with CCRL Section 33333.6 as amended by Senate Bill 1045.

Compiled by Urban Futures Inc, 2004 and 2008.

3.0. Identification of Blighting Conditions

Although the Agency has endeavored to implement both stated goals and related objectives set forth in its Implementation Plans, conditions of blight continue to detract from more positive aspects of the Upland Community Redevelopment Project. Agency resources will continue to play an integral role in remedying negative physical and economic conditions still affecting the Project Area.

The adoption of AB 1290 substantially changed the definition of blight which can be used to qualify project areas for adoption on or after January 1, 1994; the Redevelopment Plans for both Project Areas were adopted prior to this date and qualified under previous definitions. Section 33030(b)(2) of the CCRL states that an area is blighted if it is characterized by "one or more" of any of four physical and one or more of any of the four economic conditions listed in CCRL Section 33031, as well as other factors. Generally, those blighting conditions that remain within the Project Area, as defined within CCRL Sections 33030 and 33031, and shown in Table 2 below:

² In 2001 Amendment No.1 was set aside by the appellate court and the Town Center Project Area remained unchanged.

³ Pursuant to Amendment adoption on January 12, 2004 by Ordinance No. 1764, time limit to incur indebtednes was eliminated and other time limits were extended in accordance with CCRL Section 33333.6 as amended by Senate Bill 1045.

⁴Pusuant to Amendment adoption on July 10, 2008 by Ordinance 1801, maximum bonded indebtedness applies to the combined original project area and the Added Territory under the Amended Plan.

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TABLE 2 SUMMARY OF BLIGHT CONDITIONS REMAINING WITHIN THE PROJECT AREA

Buildings in which it is unsafe or unhealthy for persons to live or work.

Factors that prevent or substantially hinder the economically viable use or capacity of buildings or lots such as accessibility, and lack of adequate infrastructure.

Depreciated property values or impaired investments.

Inadequate public facilities or utilities.

Incompatible uses.

Source: 2005-2009 Implementation Plan, p. 5.

4.0. Agency Goals and Objectives

Section 33490(a)(1) of the CCRL states that an implementation plan shall contain an agency's specific goals and objectives for the project area(s), the specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years, and an explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area. As part of this Midtern Update, the Agency reviewed the goals and objectives contained in the 2005-2009 Implementation Plan and determined that they continue to reflect its planning efforts; therefore, only minor modifications were made as part of the update process.

Major infrastructure projects pertaining to storm drain improvements, traffic mitigation and land assemblage are priorities of the Agency; however, goals and objectives pertaining to marketing, business retention, job creation, and the elimination of physical and economic blighting conditions, remain central to the Agency's overall program.

The following is a list of the Agency's proposed goals and objectives for the 2005-2009 implementation planning period:

GOAL A:

ENSURE COMPLIANCE WITH ALL GOALS, OBJECTIVES AND POLICIES ESTABLISHED WITH RESPECT TO IMPLEMENTING ECONOMIC DEVELOPMENT ACTIVITIES WITHIN THE CITY OF UPLAND.

Objectives:

A1: Continue to seek broker listings and prepare and promulgate quarterly the inventories of vacant land and available commercial and industrial space on-line, updating as often as daily as necessary.

A2: Continue to market the Retail Expansion Program designed to attract and retain retail businesses within Upland's redevelopment areas.

A3: Continue to market the Business Expansion Program designed to attract and retain business and industry in Upland's redevelopment areas.

January 2009

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- A4: Continue to market the Commercial Attraction Program designed to attract commercial and retail businesses to existing vacant commercial buildings in Upland redevelopment areas.
- A5: Maintain and update the City's Internet home page.
- A6: Continue as a co-sponsor of Main Street Upland's annual Lemon Festival.
- A7: As appropriate and feasible, seek outside financial resources (i.e., federal, State or private grants and loans) to carry out economic development projects or activities.
- GOAL B: ENCOURAGE ECONOMIC DEVELOPMENT/REVITALIZATION, THE ORDERLY GROWTH AND DEVELOPMENT AND THE ELIMINATION OF BLIGHTING CONDITIONS WITHIN THE PROJECT AREAS.
- Objectives: B1: Continue facilitation of retail, commercial, industrial and business park development within, or within the vicinity, of Cable Airport.
 - B2: Continue facilitation of retail and commercial development within redevelopment areas with emphasis along Foothill Boulevard, Mountain Avenue (at the 1-10) and the Town Center.
 - B3: Consider new, unsolicited redevelopment proposals as appropriate and necessary.
 - B4: Provide overall administrative support for Agency activities as well as the planning for future Agency initiatives and fiscal resources.
 - B5: Design and initiate an identity program for the Town Center Project,
 - B6: Continue to fund programs such as the Commercial Rehabilitation Program to assist qualifying businesses in the Project Areas.
 - B7: Initiate, design and install Historic District signs and monuments at appropriate locations.
 - B8: Pending annexation of unincorporated County islands in the southwest quadrant of the City ("College Heights"), initiate adoption of a redevelopment plan to eliminate deterioration and blight presently existing in the area.
 - B9: Participate in projects designed to revitalize and eliminate blighting conditions in the Project Areas such as the rehabilitation of the historic Lemon Growers and Depot Buildings, demolition of the Scheu Building and rehabilitation of the Old Fire Station.

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B10: Subsequent to adoption of the redevelopment plan for the City's southwest quadrant, initiate a redevelopment plans amendment to merge the new project with the existing Merged Project, the Town Center Project and the Magnolia Project to facilitate administrative and personnel tasks, and non-housing projects and programs expenditures within one merged project area within the City.

GOAL C: SPONSOR NEEDED CAPITAL IMPROVEMENTS IN THE PROJECT AREAS, BOTH INFRASTRUCTURE AND COMMUNITY FACILITIES

- Objectives: C1: Provide matching funds, as appropriate and necessary, for federal and State grants for: (1) Planning; (2) Citizen Corps, including the Community Emergency Response Team program (CERT); and (3) Emergency Operations Centers (EOCs).
 - C2: Sponsor needed community facilities such as parking lot reconstruction in Town Center Project Area; parking lot and restroom upgrades in Memorial Park.
 - C3: Sponsor needed infrastructure improvements such as the Benson Avenue Overlay, Canyon Ridge and San Antonio Drains and Arrow Route Soils Reconstruction.
- GOAL D: CONTINUE TO INCREASE, IMPROVE AND PRESERVE THE CITY'S SUPPLY OF VERY LOW-, LOW- AND MODERATE-INCOME HOUSING UNITS FOR QUALIFYING PERSONS AND FAMILIES (INCLUDING UNITS FOR SENIOR CITIZENS IN PROPORTION TO THE SENIOR POPULATION OF THE CITY) THROUGH LMI FUND EXPENDITURES.

4.1 Goals and Objectives Nexus to Blight Elimination

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". Tables 3 shows the relationship of the Agency's specific five-year goals and objectives to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031, for the Upland Community Project Area. Given that the determination of nexus between the stated goals of the 2005-2009 Implementation Plan, and the physical and economic conditions they are intended to address, remain accurate;, no changes are being made as part of the update process.

		709	TABLE 3 GOALS' NEXUS TO BLIGHT ELIMINATION ¹	TABLE 3 FO BLIGHT ELI	MINATION1				
	жна	PHYSICAL BLIGHT				ECONOMIC BLIGHT	GHT		INFRASTRUCTURE
GOALS SUMMARY	UNSAFE	PHYSICAL OBSOLESCENCE	CIRCULATION SYSTEM DEFICIENCIES	INADEQUATE	INCOMPATIBLE USES	HAZARDOUS WASTE	ECONOMIC OBSOLESCENCE	DEPRECIATED PROPERTY VALUES	INADEQUATE FLOOD CONTROL, SEWER, WATER, ETC.
Goal A: Economic Development	•	•	•	•	•	•	•	•	•
Goal B: Revitalization	•	•	*	٠	•		•	•	•
Goal C: Capital Improvements		•	٠	•		•	•		•
Goal D: Increase, improve and preserve supply of very low-, low- and moderate-income housing units	•	•		•	•		•	,	

¹ Compiles with CCRL Section 33490(a)(t)(A)
² Objectives are not shown here,

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5.0 Midterm Review of Agency Non-Housing Accomplishments and Expenditures

5.1 Major Non-Housing Accomplishments

Section 33490(a)(1)(A) of the CCRL requires that each implementation plan contain "...the specific programs, including potential projects, and estimated expenditures proposed to be made during the implementation period. An inventory of non-housing program and/or project accomplishments is provided below, followed by updated actual and proposed program expenditures. Subsection 6.0 provides this information for housing programs.

The major accomplishments of the Agency from FY 2005-06 through FY 2007-08 are summarized in Table 4 in terms of the type of assistance provided by the Agency and the Implementation Plan Goal that was met by the Program or Project.

TABLE 4			
INVENTORY OF NON-HOUSING		NTS	
FY 2005-06 through	,	·	
AGENCY PARTICIPATION KEY	GOAL KEY		
a – funding	A – Economic De		
b – planning or professional assistance	B – Revitalization		
c – business retention or business attraction services	C – Capital Impro	ovements	
Accomplishment	Status	Type of	Goal
		Participation	
Completed a two-year, four-phase process of annexing the unincorporated College Heights area into the City and amended the Magnolia Project to add the acreage as Added Territory for the purpose of upgrading public facilities, promoting economic and job growth, providing affordable housing opportunities, and generally improving the quality of life for area residents, businesses and property owners.	Completed in FY 2006/07	a, b	В
Merged the Amended Merged Project, the Town Center Project, and the Amended Magnolia Project to expand programs, projects, and expenditures and expedite administrative processing.	Completed in FY 2006/07	a, b	В
Facilitated a General Plan Amendment and Zone Change to enable a 17-acre transit oriented development project located adjacent to the Metrolink station.	Completed in FY 2006/07	b	A
Initiated development plan review of the KPT/Schwartz development of approximately 17 acres for a transit oriented project located adjacent to the Metrolink station.	In progress.	b	Α
Finalized plans and specifications, bid out, selected a contractor, and completed rehabilitation of the Santa Fe Depot building on "A" Street.	Completed in FY 2006/07	a, c	В
Entered into Santa Fe Depot lease negotiations with Boomer's Café and Pacific Wine Merchants.	Completed in FY 2006/07	С	Α

TABLE 4 INVENTORY OF NON-HOUSING ACCOMPLISHMENTS FY 2005-06 through FY2007-08

AGENCY PARTICIPATION KEY

a - funding

b - planning or professional assistance

c - business retention or business attraction

GOAL KEY

A - Economic Development

B - Revitalization

C - Capital Improvements

services	-		
Accomplishment	Status	Type of Participation	Goal
Finalized plans and specifications, bid out, and selected a contractor for the rehabilitation of the Lemon Growers Building.	Completed in FY 2006/07	b	B, C
Initiated the Master Plan for revitalization of Historic Downtown Upland by extending the agreement to negotiate exclusively with CIM Group.	Agreement signed FY 2006/07	b	A
Selected consultants to prepare the specific plan and environmental impact report for the revitalization of Historic Downtown Upland.	Contract signed FY 2007/08	a, b	Α
Continued to market and administer the Retail Expansion Program, the Business Expansion Program, the Commercial Expansion Program, and the Commercial Rehabilitation Program.	On-going since FY 2005/06	С	Α
Completed commercial façade renovations on the historic telegraph building on Third Avenue.	Completed FY 2005/06	а, с	В
Executed agreement amendments with Lord Constructors and ANP Lighting to facilitate industrial development projects on Agency land on the south side of Eleventh Street, west of Benson Avenue.	Agreement signed FY 2007/08	c	В
Developed a financing strategy and facilitated rehabilitation of the 24 Hour Fitness building and side shop façade improvements for the commercial center located at Foothill Boulevard and San Antonio Avenue.	Building rehabilitation began FY 2007/08	a, c	В
Financially assisted the Chamber of Commerce in its "Shop Upland" campaign.	On-going since FY 2005/06	a	Α
Designed and initiated a sign identity program in the Town Center Project Area.	Design Program completed FY 2006/07	æ, b	B, C
Executed an agreement with Geographics for the development of an entry signage program for the City.	Agreement signed FY 2007/08	a, b	B, C
Created the Downtown Anti-Graffiti Film Program in an effort to eliminate graffiti in the Town Center Project area.	Program approved FY 2006/07	a, b	B, C
Created the Downtown Surveillance Camera Program to help deter vandalism and other similar activities in the Town Center Project area.	Program approved FY 2008/09	a, b	B
Finalized land leases with Verizon and T-Mobile for cellular towers on City-owned land.	Leases finalized FY 2006/07	С	Α
Developed a Centennial-themed folder to be used for correspondence by City Council members and staff.	Folder adopted FY 2006/07	þ	Α
Completed plans and specifications for reconstruction of the kiosk roof in Downtown Upland.	Plans approved FY 2006/07	C	С

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TABLE 4			
INVENTORY OF NON-HOUSING FY 2005-06 through	· · ·	NTS	
AGENCY PARTICIPATION KEY a – funding	GOAL KEY A – Economic De	volonment	
b – planning or professional assistance	B – Revitalization	-	
c – business retention or business attraction services	C – Capital Impro	ovements	
Accomplishment	Status	Type of Participation	Goal
Continued to manage and improve the Asset Management Database to accurately track City lease performance.	On-going since FY 2005/06	С	Α
Continued to co-sponsor the annual Upland Lemon Festival.	On-going since FY 2004/05	a, c	A
Sponsored the rehabilitation of the Old Fire Station.	On-going since FY 2005/06	a, b	B, C
Sponsored improvements to Memorial Park.	On-going since FY 2005/06	а	С
Sponsored the reconstruction of parking lots in the Town Center Project.	On-going since FY 2005/06	a, b	B, C
Sponsored infrastructure improvements such as Benson Avenue Overlay, Canyon Ridge and San Antonio drains, and Arrow Route Soils Reconstruction.	On-going since FY 2004/05	а	С

5.2 Major Non-Housing Expenditures

The creation and implementation of Agency projects and programs is directly related to the amount of funding that is available to achieve Agency goals. The 2006 Amendment that added 363 acres to the Magnolia Project Area and merged the Merged Project Area, the Town Center Project Area, and the Magnolia Project Area enables the Agency to expend tax increment dollars generated from one project area in another project area, which greatly expands the opportunities to promote and facilitate economic development and job growth, upgrade public facilities, create affordable housing, and generally improve the quality of life for residents, businesses, and property owners within the 2006 Merged Project Area.

As shown Tables 5 and 6 herein, with the merging of the project areas into the single Upland Community Project Area, annual revenues are generally sufficient to cover annual expenditures. The numbers shown for FY 2004-05 through FY 2007-08 are based upon finalized financial audits and budget documents. The estimates for FY 2008-09 acknowledge the economic downturn of the nation and economic woes of the state government. Tax increment projections show a reduced annual growth rate of two percent, down from three percent, to account for anticipated foreclosures and delinquent tax payments. Estimates for investment income and rental income projects were reduced by fifteen percent. Additionally, the estimated pass through expenditure has been increased to meet required payments and to reflect the anticipated state Educational Revenue Augmentation Fund (ERAF) payment.

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Basic Financial Statement: Government Funds Statement of Revenues, Expenditures and Changes in Fund Balance per fiscal year.

Transfers from the City (\$102,742), proceeds of advances from the City (\$94, 961), issuance of debt (\$5,000,000). Transfers to the City (\$637,172).

Transfers from the City (\$637,170), proceeds of advances from the City (\$94, 962). Transfers to the City (\$642,650).

Transfers from the City (\$1,821,000), proceeds of advances from the City (\$94, 962), issuance of debt less bond escrow (\$10,088,618). Transfers to the City (\$132,913).

Proceeds of advances from the City (\$94, 963), proceeds from sale of capital assets (\$237,476), issuance of debt (\$18,000,000). Transfers to the City (\$132,913).

Per Tax Increment Projections prepared by UFI on 12/10/2008.

Estimated 15 percent reduction from the previous year. Estimated 15 percent reduction from the previous year. Conservative estimate.

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ECTEDIBUDGE		2007-084		\$905,140	\$1,265,480	\$775,000	\$11,388,286	\$3,012,210	\$1,852,290	\$19,198,406
MEAND PROU	FISCAL YEAR	2006-073		\$830,846	\$829,826	\$255,633	\$4,208,452	\$4,913,131	\$920,141	\$11,958,029
TABLE 6 Romited Motil		2005-062		\$904,784	\$1,511,378	\$1,070,614	\$4,428,168	\$2,527,864	\$851,597	\$11,294,405
ENT-PROVECTE AUGDATTED A GRUND PROVECTED BUDGET EXPENDITURES)	,	2004-051		\$771,444	\$706,278	\$735,284	\$1,592,600	\$2,813,297	\$849,766	\$7,468,669
WIND REDEVELOPMEN	PROGRAM CATEGORY		A. Community Development	1. Personnel	2. Contractual and Administrative Services	3. Economic Development	B. Capital Improvements	C. Bond Payments and Debt Service	D. Pass Through	ANNITAL EXPENDITURES

Actual Budget as shown on FY 2006-07 Annual Budget

Actual Budget as shown on FY 2007-08 Annual Budget

Actual Budget as shown on FY 2008-09 Annual Budget.

Projected Budget as shown on FY 2008-09 Annual Budget

5 Approved Annual Budget.

⁶ Estimate includes revised SB 211 pass through (\$12,774) and ERAF payment (\$608,548) per Tax Increment Projections prepared by UFI on 12/10/2008.

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6.0 Midterm Review of Agency Affordable Housing Programs, Accomplishments and Expenditures

6.1 Affordable Housing Program Descriptions

The Agency, in concert with the City and the Upland Housing Authority, assists in increasing, improving and preserving the supply of affordable housing in Upland through a variety of rental and homeownership programs. Programs are implemented with a variety of sources, including Low to Moderate Income Housing (LMI), Community Development Block Grant (CDBG) and HOME funding; the Agency contributes approximately \$250,000 for the State HOME program fund match. Descriptions of the City's housing programs, their current status, and their accomplishments are shown below, followed by a discussion of actual expenditures and updated projections.

Housing Improvement Program (HIP)

The purpose of the HIP program is to provide potential low-income homeowners access to decent, safe, and sanitary housing. HIP provides deferred or amortized loans up to \$35,000 to income-eligible homeowners to make necessary repairs to their homes. Total assistance will not exceed 25 percent of the "after-value" of the property (including land value) to avoid being considered a "substantial rehabilitation" under state law and therefore subject to affordability covenants. Assistance is typically provided in the form of a no-interest or three percent simple interest loan. The loan is due and payable when the property is sold, ownership is transferred, or after fifty (50) years, whichever comes first. As security, the Agency holds a lien again the property until the loan is repaid.

First Time Homebuyer Program

This program is available to income-eligible families and individuals who want to purchase a home in the City, but who are unable to qualify and/or come up with the necessary down payment without financial assistance. The City provides down payment assistance, up to 30% of the maximum purchase price established by the Agency, in the form of a 0 or three percent simple interest loan. The loan is deferred until sale of the home, transfer of title, or fifty years, whichever occurs first. The City holds a second deed of trust on the property until the loan is repaid upon sale or ownership transfer. Households eligible for the program can earn up to 80% of the County median income.

Rental Acquisition and Rehabilitation Program (RARP)

The primary goal of the RAP is to provide assistance to lower-income tenants (i.e., tenants whose combined family income does not exceed 80 percent of the County median, adjusted by family size). The program provides City apartment units owners, who covenant to Agency affordable housing rental restrictions, with low- and no-interest amortizing loan opportunities, to acquire and/or rehabilitate multi-family units in the City. Funding for the program is provided by HOME Program income.

Housing Rehabilitation Emergency Repairs Program (ERP)

This is a grant program available to very low-income households. Up to \$5,000 (a dollar per dollar match for amounts over \$4,000) is available for emergency repairs of single-family homes and mobile homes to income eligible homeowners who live within the City's limits. Eligible emergency repairs include structural, mechanical, plumbing, electrical, or code violation improvements. Program funding is provided through the Agency's LMI Fund.

Historic Home Rehabilitation Program

The Historic Home Rehabilitation Program is intended to provide deferred loans to rehabilitate historically significantly residential properties located with a redevelopment project area. Program loans may not exceed \$50,000 and are secured by a deed of trust on the real property. Eligible improvements include structural repairs, roofs, insulation, rodent and pest extermination, cabinets, counters, plumbing, electrical, windows, doors, painting, heating, or disabled access. Every effort must be made to preserve the historic character of the structures through the selection of materials and the design of the improvements.

Reviving and Enhancing Neighborhoods in Upland Program (RENU – Phase 2)

The RENU Program provides grants and loans for exterior improvements to single family homes, multiple family structures, and commercial buildings within a specified target area. The Target Area is the neighborhood of 10th, 11th, and 12th Avenues between 9th and "A" Streets. A ten year maintenance convenant and agreement is recorded against the property.

Upland Pride Paint Program (UP)

This is a grant program added to Agency housing assistance efforts in February 2000. Up to \$3,000 (a dollar per dollar match for amounts over \$2,000) is available to owner-occupied, single-family and mobile homes for exterior paint repair. The program is income and code enforcement/housing division qualified. Funding is provided by the Agency's LMI Fund.

Foothill Family Shelter

The Agency entered into a multi-year agreement with Foothill Family Shelter, the operator of a transitional shelter facility located in the City. This facility serves homeless families with children. The shelter also receives assistance from two surrounding communities.

Lease-to-Own Home Ownership Program

In Fiscal Year 1996-97, the Agency formed a Joint Powers Authority (JPA) with five other cities to implement an innovative Lease-to-Own First Time Homebuyer program. This program grants down payment assistance and closing costs to eligible participants. The JPA generates revenue and pays debt service with program profits earned by purchasing single-family homes with bond proceeds and by offering a lease-to-own purchase arrangement to eligible purchasers (up to 140% of the median income). Purchasers pay a one-time program fee in

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exchange for the grant and the JPA will pay both principal and interest on the mortgage for the three-year lease period. At the end of this period, the participant assumes a partially amortized mortgage with 27 years remaining. It is anticipated that the program will be available by the end of this implementation period and will be used as a supplement to the First Time Homebuyer Program.

Mortgage Revenue Bonds and Variance/Density Bonuses

Redevelopment agencies are authorized to issue mortgage revenue bonds (MRB's) under State law. MRB's take advantage of the Agency's ability to obtain low interest, tax-exempt financing. Proceeds of the bonds are used to make loans which are secured by mortgages. In exchange for favorable financing terms, units assisted with MRB's are required to set aside 20 percent of their units as affordable to very low- and low-income households. There are currently six bond projects in the City. In addition, the City, as a condition for granting variances of two multi-family projects, required developers to set aside 20 percent of their units as affordable to very low- and low-income households.

6.2 Affordable Housing Project Descriptions

Diamond Court Acquisitions Project

Approved in the FY 2002-03 budget, the Agency set a goal of acquiring all the buildings located within the Diamond Court neighborhood (with the exception of those owned by the Foothill Family Shelter). The ultimate goal is to acquire 28 buildings over the next several years and renovate and upgrade them in a fashion similar to the success achieved at the Village Apartments. When the Foothill Family Shelter obtains the necessary funding, they will then purchase the buildings from the Agency in order to expand their 120-day transitional housing program and their one-year affordable housing program.

UCHI Project

On June 28, 2004 the City Council and the Agency held a joint hearing to approve a Disposition and Development Agreement ("DDA") between the Agency and UCHI (Upland Community Housing Inc.). UCHI's property transfer to the Agency will allow the Agency to convey an entire property site of 1.03 acres to UCHI once the Final Parcel Map has been recorded pursuant to the conditions set forth within the DDA. UCHI will subsequently develop a seventy-two (72) unit affordable senior residential apartment complex (with amenities) on the conveyed property.

6.3 Affordable Housing Program and Project Accomplishments

TABLE INVENTORY OF HOUSING FY 2005-06 throug	ACCOMPLISHMENTS
Program or Project	Accomplishment
Housing Improvement Program (HIP)	Assisted 18 units
First Time Homebuyer Program	Assisted 3 homebuyers
Rental Acquisition and Rehabilitation Program	Administered Program; Acquired and Rehabilitated 4 units
Housing Rehabilitation Emergency Repair Program	Administered Program; 57 grants completed
Historic Home Rehabilitation Program	Created in FY 2006-07; 6 projects completed
Reviving and Enhancing Neighborhoods: Phase I	Completed 18 grants that assisted 85 units
Reviving and Enhancing Neighborhoods: Phase 2	In progress. Completed 7 grants that assisted 10 units
Upland Pride Paint Program	Completed 34 projects
Foothill Family Shelter	Contributed \$250,000 in HOME funds
Lease-to-Own Home Ownership Program	No Activity
Mortgage Revenue Bonds and Variance Density Bonuses	No Activity
Diamond Court Acquisitions Project	Acquired 5 four-plex buildings; substantially rehabilitated 52 units within the neighborhood
Upland Community Housing Inc. (UCHI) Project	Entered into DDA with UCHI for a 72 unit affordable senior housing project

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6.4 Affordable Housing Program Expenditures

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Program/Project	2004/05 ¹	2005/06 ¹	2006/07 ¹	2007/08	2008/09	Total
Housing Improvement Program (HIP)	\$289,474	\$95,552	\$199,563	\$369,653		
First Time Homebuyer Program			Not funded	with LMI		
Rental Acquisition and Rehabilitation Program			Not funded	with LMI		
Housing Rehabilitation Emergency Repair Program	\$21,530	\$42,869	\$51,903	\$123,984		
Historic Home Rehabilitation Program			Not funded	with LMI	· · · · · · · · · · · · · · · · · · ·	
Reviving and Enhancing Neighborhoods			Not funded	with LMI		
Upland Pride Paint Program	\$32,679	\$24,016	\$42,625	\$121,090		
Foothill Family Shelter			Not funded	with LMI		
Lease-to-Own Home Ownership Program			No Ac	tivity		
Mortgage Revenue Bonds and Variance Density Bonuses			No Ac	tivity		
Diamond Court Acquisitions Project			Not funded	with LMI		
UCHI Project			Not funded	with LMI		
Total	\$343,683	\$162,437	\$294,091	\$614,727		

6.5 Low- and Moderate-Income Housing Fund

Section 33490(a)(2)(A)(i) of the CCRL requires that each agency show the amount of money available in the LMI Fund and the estimated amounts which will be deposited in the LMI Fund during each of the next five years. Tax increment deposits are equal to 20 percent of the projected gross tax increment for the Project Areas, based on a three percent estimated annual increase in assessed valuations with a reduction to two percent beginning in FY 2008-09 to reflect the economic downturn of the nation. Section 33490(a)(2)(A)(ii) of the CCRL requires that an agency provide, in addition to the estimate of the number of new, rehabilitated, or price restricted units to be assisted, an estimate of the expenditures of monies from the LMI Fund during each of the five years. Table 9, provides the required analysis from FY 2005-04 through FY 2007-08 with estimates for FY 2008-09. The data were obtained from the City's annual Basic Financial Audit and the annual California Redevelopment Agency report to the state Housing and Community Development Agency (HCD).

6.6 Programs and Expenditures' Nexus to Blight Elimination

Table 10 identifies the relationship between housing programs and expenditures and blight elimination. The table was prepared pursuant to CCRL Section 33490 (a)(1)(A) which requires implementation plans to document how programs and expenditures are related to the removal of blight conditions.

Section 33413(b)(4) requires that as part of its Implementation Plan the Agency must adopt a plan to comply with the requirements of the inclusionary rule. Sections 33413.5 and 33334.5 require adoption by resolution of replacement housing plans in connection with projects destroying or removing units housing low- and moderate-income households for compliance with the replacement rule. The Agency has not and does not intend to destroy or remove any low-income housing; therefore this plan requirement is not applicable at this time.

The "Replacement Rule"

Section 33413(a) of the Health and Safety Code requires that whenever dwelling units housing persons and families of low- or moderate-income are destroyed or removed from the low- and moderate-income housing market as part of a redevelopment project subject to a written agreement with the agency or having been provided financial assistance by an agency, the agency shall, within four (4) years of the removal of the dwelling units, cause to be rehabilitated, developed, or constructed an equal number of replacement dwelling units which have an equal or greater number of bedrooms as those destroyed or removed units at affordable housing costs within the territorial jurisdiction of the agency.

For affordable units removed between September 1, 1989 and January 1, 2002, replacement units were required at an affordable housing cost to persons and families of low and moderate income without regard to the specific income of the person or family originally occupying the removed dwelling unit. However, for units removed after January 1, 2002, California law now requires that 100 percent of the replacement units must be affordable to the same income groups, inclusive of very low income levels, of the units removed or destroyed.

		10 A.P.				
UPLAND COMMUNI PROGRA	TY PROJECT: AC	TUAL AND PRO	JECTED LOW AN S FY 2004-05 THI	OMMUNITY PROJECT: ACTUAL AND PROJECTED LOW AND MODERATE INCOME FUND PROGRAM RECEIPTS AND EXPENDITURES FY 2004-05 THROUGH FY 2008-9 ¹	OME FUND	
			FISCAL YEAR			TOTAL
FUND ACTIVITY	2004-05	2005-06	2006-07	2007-08	2008-09	
YEARLY BEGINNING FUND BALANCE ²	\$9,880,554	\$11,104,518	\$8,922,486	\$4,264,639	\$6,222,947	
Estimated Receipts						
A. Gross Tax Increment ³	\$1,129,259	\$1,338,783	\$1,589,306	\$1,691,206		
B. Investment Income ⁴	\$72,863	\$97,952	\$242,056	\$402,871		
C. Net Property (Rental) Income ⁵	\$1,161,000	\$2,465,118	\$2,497,515	\$2,514,324		
D. Miscellaneous ⁶	\$159,356	\$301,659	\$130,636	\$2,028,771		
E. Other Income	\$664,5247	\$491,518 ¹²	\$1,821,000 ¹²	\$18,237,476 ¹⁵		
Total Receipts	\$3,187,002	\$4,695,030	\$6,280,513	\$24,874,648		
TOTAL AVAILABLE	\$13,067,556	\$15,799,548	\$15,202,999	\$29,139,287		
Estimated Expenditures						
A. Administrative, Planning, and Professional Services	\$669,615	\$1,720,622	\$6,257,012	\$8,390,090		
B. Housing Programs ⁹	\$343,683	\$162,437	\$294,091	\$727,727		
C. Debt Service ¹⁰	\$846,998	\$893,912	\$941,036	\$7,960,168		
D. Other	\$102,742 ⁴¹	\$4,100,09113	\$3,446,221114	\$5,838,355 ¹⁶		
Total Expenditures	\$1,963,038	\$2,776,971	\$10,938,360	\$22,916,340		
YEARLY ENDING FUND BALANCE	\$11,104,518	\$8,922,486	\$4,264,639	\$6,222,947		
Complies with CCRL § 33490(a)(2)(A)(f) and (fi). Per Basic Financial Statement. Audit correction regarding land reported for resale per Basic Financial Statement. Per HCD-C and Basic Financial Statement. Per HCD-C 44b(4) and 4g. Per Basic Financial Statement. Per Basic Financial Statement. Per Basic Financial Statement fransfer to City of Upland.	Financial Statement.	12 Per Basio Fina 14 Audit correction 14 Per Basio Finan 15 Per Basio Finan 16 Per Basio Finan 16 Per Basio Finan	Per Basic Financial Statement: transfer from City of Upland. Audit correction. Transfer to RDA account. Per Basic Financial Statement: \$249,394 is a transfer to the Cland previously reported for resale. Band previously reported for resale. Per Basic Financial Statement. \$237,478 is proceeds from ser Basic Financial Statement. \$32,913 is a transfer to the	Per Basic Financial Statement: transfer from City of Upland. Audit correction. Transfer to RDA account. Per Basic Financial Statement: \$248,394 is a transfer to the City of Upland; \$3,197,827 is an adjustment to the dorevicusly reported for resale. Indicervicusly reported for resale. Per Basic Financial Statement. \$237,476 is proceeds from sale of assets, \$18,000,000 is issuance of del Per Basic Financial Statement. \$32,913 is a transfer to the City of Upland, \$5,805,442 is a transfer out.	if Upland; \$3,197,827 i of assets, \$18,000,000 of Upland, \$5,805,442	Per Basic Financial Statement: transfer from City of Upland. Audit correction. Transfer to RDA account. Per Basic Financial Statement: \$248,394 is a transfer to the City of Upland; \$3,197,827 is an adjustment to capitalized and previously reported for resale. The Basic Financial Statement. \$237,476 is proceeds from sale of assets, \$18,000,000 is issuance of debt proceeds. Per Basic Financial Statement. \$22,913 is a transfer to the City of Upland, \$5,805,442 is a transfer out.
רבו מספה רוומונטם ממנכוופור המוסיפי על טי לאימיים.		Source: Urban Fut	Source: Urban Futures, Inc. and Agency Staff, 2009.	Staff, 2009.		

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HOUSING P	ROGRAMS	TABLE 10 HOUSING PROGRAMS AND EXPENDITURES NEXUS TO BLIGHT ELIMINATION	TABLE 10 NDITURES NEXUS	TO BLIGHT	ELIMINATION		
		PHYSICAL CONDITIONS	SNOTTIONS		ECONOI	ECONOMIC CONDITIONS	INFRASTRUCTURE
PROGRAMS	UNSAFE	PHYSICAL OBSOLESCENCE	INCOMPATIBLE USES	IRREGULAR LOTS	LOW PROPERTY VALUES	ABNORMALLY HIGH VACANCIES & LOW LEASE RATES	INADEQUATE PUBLIC IMPROVEMENTS
Housing Improvement Program		•			•	•	
First Time Homebuyer Program	•	•			•		•
Rental Acquisition and Rehabilitation Program (RARP)	•	•	•	•	•	•	
Housing Rehabilitation Emergency Repair Program (ERP)	•	•	•		•		
Historic Home Rehabilitation Program	•	•	•	•	•		
Reviving and Enhancing Neighborhoods (RENU)	•	•	•	•	•		
Upland Pride Paint Program		•			•		
Foothill Family Shelter		•			•		
Lease To Own Home Ownership Program						•	
Diamond Court Acquisitions Project	•	•			•	•	
UCHI Project	•	•	•		•		•

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The "Inclusionary Rule"

Section 33413(b)(1) of the CCRL requires that at least 30 percent of all new and substantially rehabilitated dwelling units developed by a redevelopment agency shall be available at affordable housing cost to persons and families of low- or moderate-income, and not less than 50 percent of the units shall be available at affordable housing cost to very low-income households.

Section 33413(b)(2) requires that at least 15 percent of all new and substantially rehabilitated dwelling units developed within a project area by public or private entities or persons other than the redevelopment agency shall be available at affordable housing cost to persons and families of low-or moderate-income, and not less than 40 percent of the units shall be available at affordable housing cost to very low-income households. To illustrate the inclusionary rule, of every 100 dwelling units developed or substantially rehabilitated by entities other than the agency, 15 shall be affordable with nine available to persons of low or moderate income and six affordable to persons of very low-income.

Terms of Affordability

Section 33413(c) of the CCRL requires, with minor exceptions, that replacement and inclusionary units shall remain available at affordable housing cost to the income levels indicated for the *longest feasible time*, but for not less than the period of the land use controls established in the applicable redevelopment plan. CCRL Section 33334.3(f) states that when new or substantially rehabilitated housing units are developed or assisted with money from an agency's 20 percent affordable housing set-aside fund, the agency shall require that those housing units remain affordable for the *longest feasible time*, but for not less than 55 years for rental units, 45 years for owner-occupied units, and 15 years for "self-help" units. The "longest feasible time" includes but is not limited to, unlimited duration.

Inclusionary Housing Plan Requirement

Section 33413(b)(4) of the CCRL, added in 1991, requires each redevelopment agency to adopt a compliance plan to be included as part of the implementation plan required by Section 33490, indicating how the agency will comply with the requirements of the inclusionary rule. The compliance plan must be consistent with the Housing Element of the City's General Plan. The compliance plan shall be reviewed and amended at least every five years, in conjunction with the Housing Element cycle or the plan implementation cycle. The compliance plan must ensure that the requirements of 33413(b) are met every ten (10) years.

CCRL Section 33490(a)(2)(B) requires that for each project area to which subdivision (b) of Section 33413 applies, the Section addressing the agency-developed and project area housing shall contain:

(i) Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and during the next 10 years.

- (ii) Estimates of the number of units of very low-, low- and moderate-income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of Section 33413, both over the life of the plan and during the next 10 years.
- (iii) The number of units of very low-, low- and moderate-income households which have been developed within one or more project areas which meet the requirements of paragraph (2) of subdivision (b) of Section 33413.
- (iv) Estimates of the number of agency-developed residential units which will be developed during the next five years, if any, which will be governed by paragraph (1) of subdivision (b) of Section 33413.
- (v) Estimates of the number of agency-developed units for very low-, low- and moderate-income households which will be developed by the agency during the next five years to meet the requirements of paragraph (1) of subdivision (b) of Section 33413.

6.7 Analysis of Agency Compliance

The tables on the following pages provide an analysis of the Agency's housing activities that have occurred to date, and those projected to occur in the remaining two years of the implementation period. The information contained in these tables, in concert with the other parts of this implementation Plan, ensure compliance with CCRL Sections 33490, 33413, 33334.2, 33334.3, 33334.4 and 33334.6. The tables provide the required nexus to affordability, replacement and inclusionary requirements established in the CCRL and previously discussed in this section of the Midterm Update A discussion of each series follows.

Destroyed/Removed Units and Replacement Units Provided

Table 11 identifies the number of destroyed/removed units and replacement units provided in the Redevelopment Project Area (all component and merged project areas). For the term of this Midterm Update, FY 2005-05 through FY 2007-08, there have been no units destroyed or replaced.

Agency-Developed and Substantially Rehabilitated Units

Table 12 summarizes information on the number of units that have been directly developed or substantially rehabilitated by the Agency to date. Agency development inside and outside the Project Areas triggers the 30% inclusionary housing requirement, as discussed in the previous subsection. The Agency has not directly developed or substantially rehabilitated units outside the Project Areas nor expects to engage in this activity in the remainder of the implementation period, as indicated in Table 13.

THE UPLAND CO	ABILITATED, CUMULATIVE REMOVALREPLACEMENT DIFFERENCE STRUCTED ^{A144} (DEFICIT; J) (SURPLUS[+])	i j k	TOTAL NO.BEDROO (1-c + previous PROVIDED) PROVIDED PROVIDED (3-b + previous par balance) year balance)		Ajin				
	NO. OF UNITS REHABILITATED, DEVELOPED, OR CONSTRUCTED*1444	ч	CER LOW-MOD MOD INCOME		No Activity	2			
<u> </u>	- BE	- D3	LOWER						
VENTO		4-	VERY LOW INCOME						
DING AN IN		ď	TOTAL NO. BEDROOMS DESTROYED OR REMOVED						
INCLUDING	MO. OF UNITS DESTROYED OR REMOVED AFFECTING	۳	TOTAL UNITS DESTROYED OR REMOVED 628				·		
SEINE C	OR REMOVEI	b	LOW. MOD INCOME ⁵						
2		ą	LOWER INCOME ⁴						
INCLUDING		æ	VERY LOW INCOME ³						
			FISCAL	2004-05	2005-06	2006-07	2007-08	TOTALS	

January 2009

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TOTALS

Source: Upland Agency staff.

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	DWE	ELING U	JNITS DE	VELOP	DWELLING UNITS DEVELOPED AND SU		TA ALLY RE	TABLE 13 JBSTANTIALLY REHABILITATED BY THE AGENCY OUTSIDE THE PROJECT AREA	Э ВУ ТНЕ	: AGENC)	(OUTSID	E THE PR	OJECT A	REA	-• . ₋
	Ĭ.	TYPE OF CONSTRUCTION	TRUCTION	:		UNITS	UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST	BLE AT IG COST			. !	PROJECT AREA STATI	PROJECT AREA STATUS		
					TOTAL	TOM - MC	LOW - MODERATE	VERY LOW	LOW ⁶						
	-		22	ro	4	58	gg.	ęя	ф	ANNUAL DEFICT (IF 5a > 5b or 6a >6b)	DEFICT or 6a >6b)	ANNUAL SURPLUS (IF 5b > 5e or 6b > 6e)	SURPLUS or 6b > 6a)	CUMULATIVE DIFFERENCE ⁴⁷ (DEFICIT [-])((SURPLUS [+])	NFFERENCE ⁶⁷ SURPLUS [+])
		SUBSTANT	SUBSTANTIAL REHAB		REQUIRED TO	REQUIRED TO		REQUIRED TO		7a	72	88	48	да	gg.
FISCAL	NEW CONSTRUCTION	MULTI- FAMILY	SINGLE	TOTAL	30% OF COLUMN 3 ⁶	THAN 50% of COLUMN 48	NOTE UNITS RESTRICTED	THAN 50% OF COLUMN 4 ⁸	ACTUAL UNITS RESTRICTED	(5b - 5a)	VERY LOW (6b - 5a)	LOW-MOD (5b - 5a)	VERY LOW (Gb - Ga)	LOW-MOD	VERY LOW
2004-05															
2005-06															
2006-07							(
2007-08							NO AC	NO ACTIVITY							
TOTALS									3111						
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TABLE 14	DWELLING UNITS DEVELOPED AND SUBSTANTIALLY REHABILITATED BY PUBLIC OR PRIVATE ENTITIES OR PERSONS	OTHER THAN THE AGENCY INSIDE THE PROJECT AREA
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		TYPE OF CONSTRUCTION	TRUCTION			UNITS	UNITS MADE AVAILABLE AT AFFORDABLE HOUSING COST	LE AT 1 COST			ì	PROJECT AREA STATU	PROJECT AREA STATUS		
	,				TOTAL	LOW - MODERATE	JERATE*	VERY LOW ⁶	- MO⊓	;					
	-	7	2	e e	4	Sa	56	6a	gp	ANNUAL DEFICIT (IF 5a > 5b or 6a >6b)	DEFICIT or 6a >6b)	ANNUAL SURPLUS (IF 5b > 5a or 6b > 6a)	SURPLUS or 6b > 6a)	CUMULATIVE (DEFICIT [-])(CUMULATIVE DIFFERENCE ^{1,7} (DEFICIT [-])X(SURPLUS [+])
		SUBSTANT	SUBSTANTIAL REHAB ³		REQUIRED TO	REQUIRED TO		REQUIRED TO		78	7b	88	gg.	86	ਲ
FISCAL	NEW CONSTRUCTION	ANIKA MULTI-	SINGLE	TOTAL	SEAT LEAST 15% OF COLUMN 3 ⁶	BE NOT MORE THAN 60% of COLUMN 4	ACTUAL UNITS RESTRICTED	THAN 40% OF COLUMN 4 ⁸	ACTUAL UNITS RESTRICTED	LOW-MOD (5b - 5a)	VERY LOW (6b - 6a)	LOW-MOD (56 - 59)	VERY LOW (6b - 6a)	ГОМИМОВ	VERY LOW
2004-05															
2005-06															
2006-07	72			72										·	
2007-08	62			62		,									
TOTALS	134			134					77777						
All units are n	All units are market rate per Upland Agency staff.	and Agency	r staff.												

			5	8d***15	58.0	58.0	58.0	58.0	58.0	58.0	58.0		'	ľ	58.0
		IONARY D [+](f-) ³	VERY LOW		5.4	5.1	4.8	27.2	31.9	31.6	31.6		-	1	31.6
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	30, 20	CUMULATIVE INCLUSIONARY UNITS EARNED/OWED [+][[-]	COW-WOD	30 to 50	306.0	306.0	306.0	306.0	306.0	306.0	306.0				306.0
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Inside the Project Area

** Outside the Project Area

Compliance with CCRL Sections 33334.2(a), 33490(a)(2)(A). Includes agency assisted units inside and outside the Project Area and all non-agency assisted units inside the Project Area.

Total from Redevelopment Plan adoption or January 1, 1976 (CCRL Section 33413(d)(1)), whichever is later, through June 30, 2004.

Pursuant to CCRL Sections 33413(b); (2), and 33413(c).
Substantial Rehabilitation means rehabilitation, the value of which constitutes 25% of the after rehabilitation value of the land (CCRL Section 33413 (b)(2)(lv)). On or after January 1, 2002, the inclusionary obligation applies to dwelling units what substantially rehabilitated using agency assistance, and to substantially rehabilitated, with agency assistance, single family dwelling units with one or two units (CCRL Section 33413 (b)(2)(ii)). Effective January 1, 2002, the inclusionary obligation applies to dwelling units with one or two units (CCRL Section 33413(b) will be obligated to simply rehabilitated.

The major of the units made available, pursuant to CCRL Sections 33413(b)(1) and (2)(4), may be assisted through the purchase or acquisition of fong-term affordability coverants pursuant to CCRL Section 33413(b)(2)(B); therefore, the amounts entered in Column 2 cannot be more than 50% of the combined totals of Columns 1 and 2.

The sum of Columns 3a and 3b equal the sum of Column 1 from Tables 16, 17, and 18 for each fiscal year.

The sum of Columns 4a and 4b equal the sum of Column 2 from Tables 16, 17, and 18 for each fiscal year.

Does not include units that are defined as substantially rehabilitated, pursuant to CCRL Sections 33413(b)(2)(A)(iii) and (iv). Effective January 1, 2006, the term "substantial rehabilitation" as used in CCRL section 33413(b) will be changed to simply rehabilitated; therefore, rehabilitated units will be counted in Column 1 thereafter.

Units included in columns 1 and 2 count for inclusionary credits, pursuant to CCRL Section 33413(b)(1) and (2). Columns 3 and 4 represent the total number of units constructed or substantially rehabilitated. See Tables 16, 17, and

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- 18. Units included in Columns 5 through 8 do not quality for inclusionary credit.

 The sum of Columns 1a and 1b equal the sum of Column 5b from Tables 18, 17, and 18 for each fiscal year.

 The sum of Columns 1a and 1d equal the sum of Column 5b from Tables 16, 17 and 18 for each fiscal year.

 Equals the sum of Columns 1a and 2a minus the sum of Column 5a from Tables 16 and 18 for each fiscal year. Calculated on a cumulative year-to-year basis.

 Equals the sum of Columns 1b and 2b minus the sum of Column 8a from Table 17 for each fiscal year. Calculated on a cumulative year-to-year basis.

 Equals the sum of Columns 1c and 2c minus the sum of Column 8a from Table 17 for each fiscal year. Calculated on a cumulative year-to-year basis.

 Equals the sum of Columns to and 2d minus the sum of Column 8a from Table 17 for each fiscal year. Calculated on a cumulative year-to-year basis.

 The agency may cause, by agreement or regulation, to be available, at affordable housing cost, and cocupied by, persons and families of kow-, moderate-, or very low-income households, two units outside the Project Area (CCRL Section 3413(b)(2)(A)(ii).

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Non-Agency-Developed and Substantially Rehabilitated

Table 14 addresses non-Agency developed and substantially rehabilitated units to date. As shown 134 market rate units have been developed in the Upland Community Project Area through FY 2007-08.

6.8 Unmet Affordable Housing Need

Effective January 1, 2002, CCRL Section 33334.4(a) requires that an agency must expend its LMI Fund monies towards assisting housing for persons of very low- and low-income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very low-, low-, and moderate-income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same ten-year implementation period as the requirements of CCRL Section 33413(b).

In carrying out these requirements over the duration of each five-year implementation plan, pursuant to CCRL Section 33334.4(b), an agency is required to expend LMI Fund monies to assist housing that is available to all persons regardless of age in at least the same proportion as the population under the age of 65 bears to the total population of the community as identified by the most recent census. Therefore, the 2000 Census will be used to identify the percentage of residents 65 years of age and older in the community, which will be the maximum percentage allowed for allocation of LMI Fund monies towards assisting housing restricted to seniors. The remaining LMI funds must be used towards assisting other non-senior household types. According to the U.S. Census 2000 Summary File 1 (U.S. Census Table P12), the City population equaled 62,582 persons of whom 10.8 percent, were over 65 years of age; therefore, in carrying out the requirements of CCRL Section 33334.4(b), no more than 10.8 percent of LMI Fund expenditures can be allocated towards assisting senior headed households.

Through FY 2007-08, none of the LMI expenditures were allocated directly towards assisting senior headed households. None of the City's affordable housing programs are age restricted.

6.9 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980 requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. Working with the Western Riverside Council of Governments (WRCG) the Southern California Association of Governments (SCAG) has determined the housing needs for the City. Table 20 identifies the City's estimated 1998-2005 housing need by income limits for very low-, low-, and moderate-income households within the community. Based on the housing needs information provided by the RHNA, as extrapolated in Table 20 in accordance with CCRL Section 33334.4(a), at least 36.9 percent of all LMI Fund expenditures must be made towards assisting very low-income households, and no more than 35.5 percent of all LMI Fund expenditures can be made towards assisting moderate-income households.

ON ¹	
NO. OF UNITS	% OF TOTAL
435	36.9%
326	27.6%
419	35.5%
1,180	100.0%
	435 326 419

6.10 Projected LMI Fund Expenditures by Age and Income

Table 18 on the following page illustrates the allocation of funds for affordable housing projects and programs funded from monies in the LMI Fund for the 2005-09 planning cycle (expenditures are taken from Table 13, Line B-Housing Programs and Line C-Capital (Housing) Improvements and do not include Line A-Personnel, Maintenance and Operations). In compliance with CCRL Section 33334.4(a) and (b), Table 21 allocates projected Project Areas LMI Fund expenditures according to the City's Unmet Need as outlined in the preceding paragraphs of this Section 6.7. It should also be noted that the CCRL does not require such expenditure allocation be performed annually, merely that such expenditures be in at least the same proportion as the total number of housing units needed for each of the income groups over each ten-year housing compliance period; or, in the case of age groups, in at least the same proportion as the population under age 65 years bears to the community's total population over the duration of the five-year Implementation Plan. Project and program allocations among age and income groups are shown as annual allocations in Table 21 for illustration and planning purposes only.

6.11 Excess Surplus

An excess surplus exists when the unexpended and unencumbered (i.e., not pledged against debt service) amount in an agency's LMI Fund exceeds the greater of \$1 million or the total amount deposited in an agency's LMI Fund during the preceding four years (exclusive of bond proceeds). As shown in Table 13 the Agency will start the 2005-2009 planning period with and estimated \$4,031,529 (inclusive of bond proceeds) in the Project Areas LMI Fund and will end the five-year planning period with \$435,372. No preceding four-year total tax increment deposits are projected to exceed a current year cash balance. Consequently, the Agency does not now have an excess surplus in its LMI Fund nor is one projected during the planning cycle for the Implementation Plan.

6.12 Monitoring

Redevelopment agencies must monitor, on an ongoing basis, the continuing availability of housing affordable to persons and families of low- or moderate-income developed or otherwise made available pursuant to CCRL provisions. As part of this monitoring, an agency shall require owners or managers of the housing to submit annual reports to the agency. The annual reports must include for each rental unit, the rental rate and the income and family size of the occupants, and for each owner-occupied unit, whether there was a change in ownership from the prior year and, if so, the income and family size of the new owners.

Question: has Upland collected these annual reports?

PROJECTED AGENCY LMI FUND EXPENDITURES AND ANALYSIS OF FUTURE UNMET NEED¹ JULY 1, 2004 THROUGH JUNE 30, 2009 **TABLE 17**

		_	PROJECTED ANNUAL LMI FUND EXPENDIT	JAC LMI FUNI	D EXPENDITURES			REQUIRE LMI FUND EX	REQUIRED ANNUAL LMI FUND EXPENDITURES ⁵	CUMULATIVE	CUMULATIVE UNMET NEED DEFICIT/SURPLUS	CUMUL	CUMULATIVE SENIOR HOUSING LMI FUND EXPENDITURES ⁸	DUSING RES [®]
	LOW INCOME ³	OME	VERY LOW INCOME	COME	MODERATE INCOME	NCOME	TOTAL.	LOW INCOME	VERY LOW INCOME	гом исоме	VERY LOW INCOME	FUNDS EXPENDED	MAXIMUM ALLOWED	DEFICIT/ SURPLUS
FISCAL	Expenditures	% of Total (a +g)	Expenditures	% of Total (c + g)	Expenditures	% of Total (e +g)	Expenditures (a + c + e)	27.6% of Unmet Need (.276 * g) ⁸	36.9% of Unmet Need (369* g) ⁷	Totel (h - e + provious year)	Total (I - c + provious year)	Annuol Total	10.8% of Annual Total (.108 *g)*0	Total (m - l + previous year)
YEAR	æ	þ	O	Р	a	f	50	£		Ĵ	×	_	£	 -
BALANCE FORWARD ²	1	t	•	'	t	ı					•			
2004-05	\$591,000	27.7%	\$788,000	36.9%	\$758,150	35.5%	\$2,137,150	\$590,433	\$787,848	\$567	\$152	\$230,000	\$229,923	(\$77)
2005-06	\$430,000	27.8%	\$570,000	36.9%	\$545,000	35.3%	\$1,545,000	\$426,839	\$569,555	\$3,728	\$597	\$166,000	\$166,271	\$141
2006-07	\$400,000	27.6%	\$535,000	36.9%	\$515,000	35.5%	\$1,450,000	3 \$400,593	\$534,534	\$3,135	\$1,063	\$156,000	\$155,997	\$138
2007-08	\$470,000	27.6%	\$627,000	36.9%	\$603,000	35.5%	\$1,700,000	\$469,661	\$626,695	\$3,474	\$1,368	\$183,000	\$182,893	\$31
2008-09	\$400,000	27.6%	\$535,000	36.9%	\$515,000	35.5%	\$1,450,000	\$400,593	\$534,534	\$2,881	\$1,835	\$156,000	\$155,997	\$28
TOTALS	\$2,291,000	27.7%	\$3,055,000	36.9%	\$2,936,150	35.5%	\$8,282,150	\$2,288,119	\$3,053,166	\$2,881	\$1,835	\$891,000	\$391,028	\$28
,														

Compliance with Section 33334.4(a) and (b), and (c), CCRL Section 33490(a)(2)(A), (bv) requires that a description of how the housing program will implement CCRL Section 33334.4 in the implementation plans adopted on or after December 31, 2002.

Total from Redevelopment Plan adoption or December 31, 2002 (CCRL Section 33490(a)(2)(A)(iii)), whichever is later. Pursuant to CCRL Section 33334.4(b), deficits/surpluses of LMI Fund expenditures to assist very low and low income persons in proportion to the number of housing units needed, as described by the methodology set forth in CCRL Section 33334.4(a), are carried forward from previous redevelopment from previous implementation plans over each 16-year period of the Implementation Plan, currently July 1, 2004, through June 30, 2014.

As defined by Health & Safety Code Section 50105.

As defined by Health & Safety Code Section 50105.

As defined by Health & Safety Code Section 501092.

Each agency shall expend over each 140-year period of the implementation plan the moneys in the LMI Fund to assist housing for persons of low income and housing for persons of very low income in at least the same proportion as the total number of those income groups bears to the total number of units needed for each of those income groups bears to the total number of units needed for each of those income groups bears to the total number of units needed for each of those income groups within the community as those needs have been determined for the community as those needs have been determined for calculated on year-to-year to Section 65564 of the Conference (CCRL Section 33334.4(a)).

Calculated on year-to-year basis. Percentage based on the proportion of the total number of low income housing to the community as identified by the most recent (2000) Regional Housing Needs Assessment, pursuant to CCRL Section 33334.4(a) and Section 65584 of the California Government Code. The current proportion of unmet need for low income housing units in the City of Upland is 27.6 percent (see Table 20 of this implementation Plan).

Calculated on year-lo-year basis. Percentage based on the proportion of the total number of very low income housing units needed in relationship to the total number of units needed for persons of moderate, low, and very low income within the community as identified by the most recent (2000) Regional Housing Needs Assessment, pursuant to CCRL Section 33334.4(a) and Section 6584 of the California Government Code. The current proportion of unmet need for very low income housing units in the City of Upland is 36.9 percent (see Table 20 of this Implementation Plan).

Each agency shall expend over the duration of each redevelopment implementation plan, the moneys in the LMI Fund to assist housing that is available to all persons regardless of age in at least the same proportion as the population under age 65 years bears to the total population of the community as reported in the most recent census of the United States Census Bureau (CCRL Section 33334.4(b)). Of the total funds expended in column g, the amount expended to assist bousing restricted to persons 65 and over.

Calculated on year-to-year basis. Percentage based on the proportion of the population 65 years of age and over in relationship to the total population of the community as reported in the United States Census 2000. According to Summary File 1, Table P 12 for the City of Upland, the current percentage of the community 65 years of age and over is 10.8 percent.

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7.0 TEN-YEAR AND LIFE-OF-THE-PLAN HOUSING REQUIREMENTS

Section 33490(a)(2)(B) of the CCRL requires that the implementation plan provide certain "Ten-Year" and "Life of the Plan" housing production and inclusionary information; to wit:

- (B) For each project area to which subdivision (b) of Section 33413 applies, the section addressing the agency developed and project area housing shall contain:
- (i) Estimates of the number of new, substantially rehabilitated or price-restricted residential units to be developed or purchased within one or more project areas, both over the life of the plan and during the next 10 years.
- (ii) Estimates of the number of units of very low, low, and moderate income households required to be developed within one or more project areas in order to meet the requirements of paragraph (2) of subdivision (b) of Section 33413, both over the life of the plan and during the next 10 years.

The Project Areas are mostly built-out, and as a result there is little opportunity for new development other than small scale, "infill" projects on a parcel-by-parcel basis; thus, life-of-the-plan and ten-year projections become virtually the same. In 1994, the Agency estimated that 130 units would be added over the ten-year affordable housing compliance period (1994-2004) in the Merged Project Area and these units were developed in 1997 (the Coy D. Estes Senior Housing Project). Although the Agency assisted an additional 36 units of an existing 180-unit complex outside the Project Areas, 11 only eight price-restricted, substantially rehabilitated units were added inside the Project Areas during the five-year planning period of the 1999–2004 Implementation Plan.

For the upcoming five-year planning period, the Agency is anticipating development of a 72-unit senior housing complex in the Town Center Project Area, of which 45 units will be low-income restricted, and 27 units very low-income restricted. The Agency is also projecting an estimated 25 units will be substantially rehabilitated throughout the Project Areas, of which 10 units will be low-income restricted, and 15 very low-income restricted. Because it is the Agency's policy to meet its inclusionary housing obligations by the provision of affordable housing from both inside and outside the Project Areas, the Agency not only is projected to achieve a surplus of low- and moderate-income and very low-income affordable units from within the Project Areas, but also a very comfortable surplus of affordable units assisted outside the Project Areas that are countable toward its inclusionary obligations on a one-for-two basis (see Table 19 discussion, *supra*).

Because the Project Areas are built-out, much of the future housing created within them by others is expected to consist of either substantially rehabilitated units, or tear-down and replacement units.

Seventy-two of the 180 units, located outside the Project Areas, are now within the Magnolia Project, newly adopted in November 2003.

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Agency staff estimates that, without extraordinary participation of the Agency, roughly five units or less per year of substantial rehabilitation or infill construction could occur within the Project Areas over the 2009-2014 implementation period, creating an inclusionary obligation of four additional units at the end of ten years (which is also close to the end of the life-of-the plans for the Merged Project Area). For the Town Center Project Area, for which the Redevelopment Plan expires in 2033, the Agency anticipates nominal additional housing units will be constructed or rehabilitated.

In addition to its available "outside the Project Areas" inclusionary surplus and "inside the Project Areas" projected surplus at the end of this planning period, the Agency may also employ its LMI Fund monies to purchase affordability covenants on existing units in the future, if additional inclusionary requirements need to be met.

8.0 CONSISTENCY WITH THE CITY'S GENERAL PLAN ELEMENT

Section 33413(b)(4) requires that each agency, "...as part of the Implementation Plan required by Section 33490, shall adopt a [Housing Compliance] Plan...." Section 33413 (b)(4) requires that "[t]he Plan shall be consistent with...the community's housing element." Additionally, "[t]he Plan shall be reviewed and, if necessary, [be] amended at least every five years in conjunction with either the housing element cycle or the Plan implementation cycle."

Chapter V of the State's General Plan Guidelines (the "Guidelines") states that the term "consistent with" means "agreement with; harmonious with." The general rule of consistency outlined in the Guidelines is that "[a]n action or a program is consistent with the General Plan if, considering all its aspects, it will further the objectives and policies of the General Plan and not obstruct their attainment."

Pertinent sections of the City's General Plan Housing Element, August 2001 Update, are reproduced in Appendix E to this Implementation Plan. The City has not comprehensively updated its General Plan since the date of the 1994-1999 Implementation Plan; however the Land Use and Circulation Elements were updated in 1998.

Inasmuch as: i) the Agency is working to provide affordable housing for all income levels and most specifically housing for persons of very low-, low-, and moderate-incomes; ii) the Agency is required to spend no less than 20 percent of all tax increment monies on affordable housing programs; and iii) the Agency has identified in this Implementation Plan those housing projects and programs and the number of dwelling units that it projects to develop, rehabilitate or assist development of, the Agency hereby determines that its five-year housing goals and objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the Housing Element of the City's General Plan.

9.0 CONCLUSION

This Implementation Plan describes the projects and programs which are proposed to be undertaken by the Agency during the next five years in order to assist in the alleviation of blighting conditions existing in the Project Areas, and to increase the community's supply of affordable housing. Redevelopment is, however, a very fluid process subject to a myriad of changing issues, amending legislation and the forces of market dynamics. For these reasons a provision for review and amendment to the Implementation Plan has been included in redevelopment law. The CCRL requires that the plan be the subject of periodic public review. This review must be held in a noticed public hearing at least once during the five-year period, no earlier than two years and no later than three years after adoption of the Implementation Plan. In addition to the mandated review, the Agency Board of Directors may review and amend the plans, goals, objectives and programs and expenditures (following a noticed public hearing) at any time conditions warrant such an amendment.

9.1 Recommendations

Based on the analysis contained herein, the following recommendations are made to address actions the Agency may take to ensure that all of its redevelopment goals and objectives are met:

- The Agency should continue its efforts to acquire non-RDA funding to carry out projects and programs directed at expanding, improving and preserving affordable housing (i.e., HOME, CDBG, etc.).
- The Agency should continue to spend its LMI funds over the implementation period to ensure compliance with redevelopment law concerning fund balances.

January 2009 36

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Five Year
Implementation Plan
2009-2010 through 2013-2014
for the
Shafter Community Development
Project No. 1 and Project No. 2

Shafter Community Development Agency

October 2009

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Five Year Implementation Plan 2009-2010 through 2013-2014

CCRL SECTION 33413(b) (4) HOUSING COMPLIANCE PLAN

Prepared for the



Shafter Community Development Project No. 1 and Project No. 2 336 Pacific Avenue Shafter, CA 93263 (661) 746-5002 • FAX (661) 746-9125 www.shafter.com

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In Cooperation with the:

Shafter Community Development Agency

October 2009

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Five Year Implementation Plan 2009-2010 through 2013-2014 for the Shafter Community Development Project No. 1 and Project No. 2

CITY COUNCIL/ REDEVELOPMENT AGENCY BOARD MEMBERS

> Jon Johnston, Mayor/Chair Gilbert Alvarado, Mayor Pro Tem/Vice Chair Jack "Woody" Colvard, Council/Board Member Garry Nelson, Council/Board Member Cathy Prout, Council/Board Member

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> John D. Guinn, City Manager/Executive Director Jo Barrick, Administrative Services Director Jake Sweeny, Community Development Director

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Five Year Implementation Plan 2009-2010 through 2013-2014 for the Shafter Community Development Project No. 1 and Project No. 2

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FIGURES

Appendix A 2008 Housing Element Available Sites Inventory within the Project Area



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PREFACE

This Implementation Plan was prepared in compliance with section 33490 et. Seq. of California Redevelopment Law (the "CRL") and applies to Shafter Community Development Project No. 1 and Project No. 2. Redevelopment programs and project activities to be implemented by the Community Development Agency (the "Agency") over the next five years will be identified, including housing activities targeted for individuals and families of very-low, low, and moderate income.

The Implementation Plan is presented in five sections, plus an executive summary:

Executive Summary

- 1. Introduction: This section includes definitions of the terms used in the Implementation Plan, an overview of redevelopment law as it applies to the Implementation Plan, the public participation process, and project area locations, boundaries, and maps.
- 2. Review of Previous Agency Activities: This section presents an historic overview of plan adoptions and chronology, a discussion of recent CRL legislation and the Agency's compliance, a summary of blight conditions in the project areas, and a summary of historic goals, objectives, and accomplishments.
- Community Development Implementation Program: 2010-2014: This section
 discusses the Agency's plan to eliminate blight in the project areas, presents the
 goals and objectives nexus to blight elimination, and projects revenues and
 expenditures.
- 4. Housing Compliance Plan and Implementation Program: This section presents the community development programs and projects that the Agency anticipates implementing over the next five years by project area in correlation to projected revenues and expenditures.
- 5. **Plan Administration:** This section describes the Implementation Plan process including a general description of financial resources that will be used to fund the housing and non-housing activities over the term of the Implementation Plan.



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EXECUTIVE SUMMARY

Introduction

Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994; to be adopted that calendar year. CCRL Section 33490(b) allows one implementation plan for more than one project area. The Shafter Community Development Agency adopted its first Implementation Plan for Community Development Projects No. 1 and No. 2 on November 21, 1994, with a Midterm Review in 1997 as prescribed by redevelopment law. The second implementation plan for both project areas was adopted on November 9, 1999, with a Midterm Review approved on December 3, 2002. No implementation plan was prepared for 2004-2009, although the Agency continued to implement projects and programs that alleviated blight conditions and addressed housing needs in the project areas. This Implementation Plan is the Agency's third five-year implementation plan, which covers the period 2010-2014 and supersedes and replaces the 1999-2004 Implementation Plan.

The 2010-2014 Implementation Plan, prepared pursuant to CCRL Sections 33490(a)(1) and 33413(b)(4), contains the following:

- · Agency accomplishments during the Preceding Implementation Plan term;
- Agency goals, objectives, programs, and projects for the next five years;
- Estimated revenue and expenditures to enable implementation of Agency programs and projects;
- An explanation of how the Agency's goals and objectives, programs, and expenditures will eliminate blight within the project areas;
- An Affordable Housing Production Plan that outlines how the Agency will meet its affordable housing obligations pursuant to CCRL requirements over the next five years; and
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements.

Agency Accomplishments through June 30, 2009

Since adoption of the Redevelopment Plans, the Agency has, both unilaterally and through participation in joint public/private partnerships, facilitated a number of successful projects and programs aimed at economic revitalization, blight reduction, and affordable housing production. Key accomplishments include:

 Completion of infrastructure improvements in Project Area 2 that facilitate the development of properties within the industrial park;



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- Completion of infrastructure improvements to Lerdo Highway, Commerce Street, East Ash Street, and other industrial streets in Project Area 2;
- Participation in regional drainage improvement projects in Project Areas 1 and 2;
- Execution of reimbursement agreements with Elk Corporation and BMMC for improvements to industrial properties in Project Area 2;
- Installation of direction signs to facilitate access to commercial and industrial properties in Project Areas 1 and 2;
- Initiation of infrastructure improvements to Poso Street and Richland Drive in Project Area 1;
- Implementation of façade improvements, blight removal projects, historic preservation, and other revitalization programs and projects in Project Area 1; and
- Support of new affordable housing production and housing rehabilitation programs and projects in Project Area 1.

Agency Blight Elimination and Housing Programs for 2010-2014

The success of Agency programs and projects during the Implementation Plan term are largely dependent on the strength of the national, state, and regional economies. Tax increment revenue is estimated for purposes of this report at declining and neutral growth rates. Additionally, the state of California has passed legislation authorizing a taking of redevelopment funds to balance the state budget. Although the legality of the taking has yet been determined, it is prudent for redevelopment agencies to consider the impact of the Supplemental Revenue Augmentation Fund (SERF) payment when developing its 2010-2014 programs.

The Agency's 2010-2014 Community Development Program to eliminate blight includes:

- Support for private sector development projects that leverage new industrial and commercial development leading to an increase in local employment;
- Implementation of economic development programs such as marketing, business retention, façade improvement, and professional assistance:
- Implementation of business retention and recruitment programs that promote new and expanded commercial and industrial growth;
- Through the leveraged use of fiscal resources, coordination of improvements to public infrastructure including streets, traffic signals, water, sewer, and storm drains;
- Consideration of development site incentives such as land acquisition, off-site improvements, and improvement assistance; and
- Pursuit of collaborative economic development partnerships with other public and private entities.



The Agency's 2010-2014 Affordable Housing Production Plan includes:

- Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site improvements;
- Identify, participate in, and monitor housing programs that meet the Agency's inclusionary and replacement housing requirements;
- · Respond to miscellaneous neighborhood improvement needs; and
- Pursue the acquisition and recordation of covenants to ensure long term affordability of residential units.

Conclusions and Recommendations

To date, the Agency has successfully implemented its programs and managed its budgets. However, the generally negative economic climate in the state of California has affected the Agency's revenue stream through reductions in tax increment growth rate. Even if the state of California does not prevail with the SERAF take, without substantial budget modifications to planned projects and programs or an infusion of non-Agency funds, expenditures will exceed revenues in both project areas all five years of the Implementation Plan term.

Additionally, the Agency has been carrying excess surplus in its Low-and-Moderate Income (LMI) Housing Fund that it must eliminate during this Implementation Plan term or forfeit in accordance with CCRL law. Implementation of the Housing Production Plan would erase the surplus and ensure compliance with redevelopment law. In terms of inclusionary obligation for the provision of affordable housing units, the Agency is beginning the 2010-2014 term with a surplus of twelve units, of which two meet the requirements for Very Low income households and ten for Low-and-Moderate income households. With an estimated twenty new units to be built in Project Area 1 over the next five years, the Agency's inclusionary obligation will continue to be met; however, if new housing production exceeds twenty units, the Agency may drop to deficit status unless it builds new affordable units.

Recommended actions:

- 1. Process amendments to the redevelopment plans of both Project Areas 1 and 2 to extend the time of effectiveness of each plan and the Agency's ability to collect tax increment by one year in accordance with Senate Bill (SB) 1045.
- 2. Analyze the Agency's community development projects and programs to determine appropriate modifications and reductions in expenses.
- Create an affordable housing database that describes all existing and substantially rehabilitated housing units that were assisted with LMI housing funds in accordance with Assembly Bill (AB) 987.



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1.0 INTRODUCTION

Assembly Bill 1290 (AB 1290), entitled the Community Redevelopment Law Reform Act of 1993, took effect on January 1, 1994, and added CCRL Section 33490 to the Health and Safety Code. Section 33490 mandates that each redevelopment agency adopt a five-year implementation plan commencing with the initial plan for projects adopted prior to January 1, 1994 to be adopted that calendar year. CCRL Section 33490(b) allows one implementation plan for more than one project area. The Agency adopted its first Implementation Plan for Community Development Projects No. 1 and No. 2 on November 21, 1994, with a Midterm Review in 1997 as prescribed by redevelopment law. The second implementation plan for both project areas was adopted on November 9, 1999, with a Midterm Review approved on December 3, 2002. No implementation plan was prepared for 2004-2009, although the Agency continued to implement projects and programs that alleviated blight conditions and addressed housing needs in the project areas. This Implementation Plan is the Agency's third five-year implementation plan, which covers the period 2009-2014 and supersedes and replaces the 1999-2004 Implementation Plan.

Historic information contained in this Implementation Plan is based on a review of Agency reports and budgets, the Preceding Implementation Plan, and discussions with Agency staff. Information for FY 2008-09 is based on the Agency's budget. Projections for FY 2009-10, FY 2010-11, FY 2011-12, FY 2012-13 and FY 2013-2014 are based upon discussions with Agency staff and UFI 's calculations and projections. The Implementation Plan acknowledges the 2009 State of California budget proposal to take redevelopment funds for State purposes; however, recognizes that a final determination may not occur until after the due date of Implementation Plan.

1.1 DEFINITIONS

The following **bold** terms shall have the following meanings unless the context in which they are used clearly requires otherwise:

"1994-99 Implementation Plan" means the Agency's first five-year implementation plan for the Shafter Community Development Projects No. 1 and No. 2, adopted on November 21, 1994.

"1999-04 Implementation Plan" means the Agency's five-year implementation plan for the Shafter Community Development Projects No. 1 and No. 2, adopted on November 9, 1999, by Resolution No. 85.

"Agency" means the Shafter Community Development Agency.

"Agency Board" means the Board of Directors of the Agency. The members of the Agency Board are also the members of the City Council.

"CCRL" means the California Community Redevelopment Law, Section 33000 et seq. of the Health and Safety Code as currently drafted or as it may be amended from time to time.

"City" means the City of Shafter.



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- "Community Development Project No. 1" means the Shafter Community Development Plan for Project No. 1, adopted June 26, 1989, by Ordinance No. 442.
- "Community Development Project Area No. 1" means the area included within the boundaries of the Community Development Project No. 1.
- **"Community Development Project No. 2"** means the Shafter Community Development Plan for Project No. 2, adopted July 20, 1993, by Ordinance No. 451.
- "Community Development Project Area No. 2" means the area included within the boundaries of the Community Development Project No. 2.
- **"ERAF"** means the 2008 Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local education agencies.
- "Implementation Plan" means the 2010-2014 Implementation Plan for the Shafter Community Development Projects No. 1 and No. 2 covering the period July 1, 2009 through June 30, 2014.
- **"LMI Housing Fund"** means the Low and Moderate Income Fund of the Agency established pursuant to CCRL Section 33334.3 as it presently exists and as it may be increased or decreased by future Agency actions.
- "Preceding Implementation Plan" means the 1999-2004 Implementation Plan covering the period July 1, 1999, through June 30, 2004.
- "SERAF" means the 2009-2010 and 2010-2011 Supplemental Educational Revenue Augmentation Fund, which is the state property tax allocation system that shifts property taxes from local governments to local educational agencies.
- "State" means the State of California.
- "Tax Increment" means the funds allocated to the Agency from the Project Areas pursuant to CCRL Section 33670.
- **"UFI"** means Urban Futures, Inc., redevelopment consultants, retained by the Agency to assist in preparing the Implementation Plan.

1.2 OVERVIEW OF REDEVELOPMENT LAW AS IT APPLIES TO THE IMPLEMENTATION PLAN

CCRL Section 33490, among other things, requires an implementation plan to contain:

- Specific goals and objectives of the agency for the project area(s) for the next five years;
- Specific programs, including potential projects, and estimated expenditures proposed to be made during the next five years;
- An explanation of how the goals and objectives, programs, and expenditures will eliminate blight within the project area(s);



- An explanation on how the Agency's goals, objectives and expenditures will implement its affordable housing obligations pursuant to CCRL requirements over the next five years;
- An explanation of how the LMI Housing Fund will be used annually over the term of the implementation plan, along with the amounts now available in the LMI Housing Fund, and projected deposits thereto. Also included shall be estimates of the number of units to be assisted in each of the five years;
- An estimate of the number of units to be provided over the next five and ten years to meet the Agency's 15% inclusionary housing requirements, if applicable;
- An estimate of the number of units to be provided at the end of the Plan's effectiveness to meet the Agency's inclusionary housing requirements, if applicable;
- The number of qualifying very- low, low-, and moderate- income units that
 have been produced in the project area or outside then project area and
 the number of additional units that will be required to meet the
 inclusionary housing requirements;
- The number of units that will be developed by the Agency, if any, including the number of units that will be available for very- low, low, and moderate- income households; and
- The Project Area Affordable Housing Production Plan required by Health & Safety Code Section 33413 (b) (4).

Under current law, agencies that administer redevelopment project areas or portions of project areas established on or after January 1, 1976, have an obligation to ensure that specified percentages of new or substantially rehabilitated housing are available at affordable cost to very- low, low, and moderate-income households. In addition, under Section 33413.5 of the CCRL, whenever dwelling units housing persons of very-low, low- or moderate-incomes are destroyed or removed from the affordable housing inventory as part of a redevelopment project, the Agency is required to replace those units with an equal number of units within four years after the units were removed. The replacement dwelling units must have an equal or greater number of bedrooms as those units destroyed or removed and all must be affordable to very-low, low- or moderateincome households. In the event that suitable land cannot be found within a project are to build the replacement housing, the CCRL permits an Agency to count affordable housing units outside a project area towards the Agency's requirements on a two-for-one basis; that is, two affordable housing units will count the same towards the Agency's inclusionary housing requirements as one unit created inside the project area. Affordable housing developed outside of a project area can be of direct benefit to the redevelopment projects by accomplishing project objectives regarding affordable housing, thus redevelopment agencies adopt findings at the time of plan adoption that create this nexus for future implementation. Project Area 2 consists of industrially and commercially zoned land; therefore, the inclusionary housing requirements of CCRL Section 33413 et seq do not apply to Project Area 2.



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Implementation Plans also address a number of financial issues as they apply to affordable housing per Section 33334 of the CCRL. Of particular importance in regards to the Implementation Plan are the following:

- Section 33334.2: establishes Agency obligation to use 20% of its tax increment revenue to increase, improve and preserve the community's supply of very- low, low- and moderate- income housing.
- Section 33334.4: specifies that housing assistance for very low and low income households generally must be in the same proportion as the assistance for senior housing.
- Section 33334.6: sets forth various requirements for management of the Low and Moderate Income (LMI) Housing Fund.

The financial section of the Plan must address the amount available in the LMI Housing Fund and the estimated amounts which will be deposited into the LMI Housing Fund during each of the next five years as well as estimates of the expenditures of monies from the LMI Housing Fund during each of the five years.

1.3 PUBLIC PARTICIPATION IN THE IMPLEMENTATION PLAN PROCESS

Pursuant to CCRL Section 33490, the adoption of an Implementation Plan must be preceded by a duly noticed public hearing. Notice of the public hearing was published in the Shafter Press with a minimum three week notice and posting in four places in each of the Project Areas completed not less than ten days prior to the public hearing.

In addition, CCRL Section 33490 (c) states that between two and three years after adoption of an implementation plan, an Agency must conduct a public hearing to review the redevelopment plan and implementation plan. The purpose of the mid-term review is to assess the extent to which an Agency's actual activities conform to the activities described in the preceding implementation plan. Therefore, the Agency will need to conduct a mid-term review of this Implementation Plan during 2011 or 2012.

1.4 PROJECT AREAS LOCATIONS AND BOUNDARIES

The location and boundaries of the Project Areas are shown in Figure 1 in relation to each other and the Shafter city limits. Figure 2 shows Project Area No. 1 and Figure 3 shows Project Area No. 2.

Project Area 1 is located in the aging center of the City and consists primarily of residential and commercial properties. There are over 400 housing units in the Project Area, most of them over twenty years old. Its redevelopment plan, which was adopted on February 12, 1989, identified several conditions of blight: inadequate street access and traffic circulation, lack of utilities to the project area, the uneconomic nature and unproductive use of land, obsolete and dilapidated buildings, and excessive vacant land. Additionally, the 1997 Implementation Plan Mid-Term Review documented substandard housing units in the Project Area, particularly in older travel trailer parks that are regulated by state of California, not the City of Shafter. These conditions continue to exist.



Project Area 2 is solely industrial and commercial land. There are no residentially zoned parcels; therefore, no inclusionary housing requirement. The primary blight conditions in Project Area 2 are primarily inadequate infrastructure such as poor street access and inadequate water, sewer, and drainage lines. The Project Area contains a local airport and underutilized land partially due to poor access and infrastructure. Additionally, there are aging, deteriorating, and poorly designed buildings and sites. The Project Area has potential for industrial parks, warehousing, and manufacturing uses.



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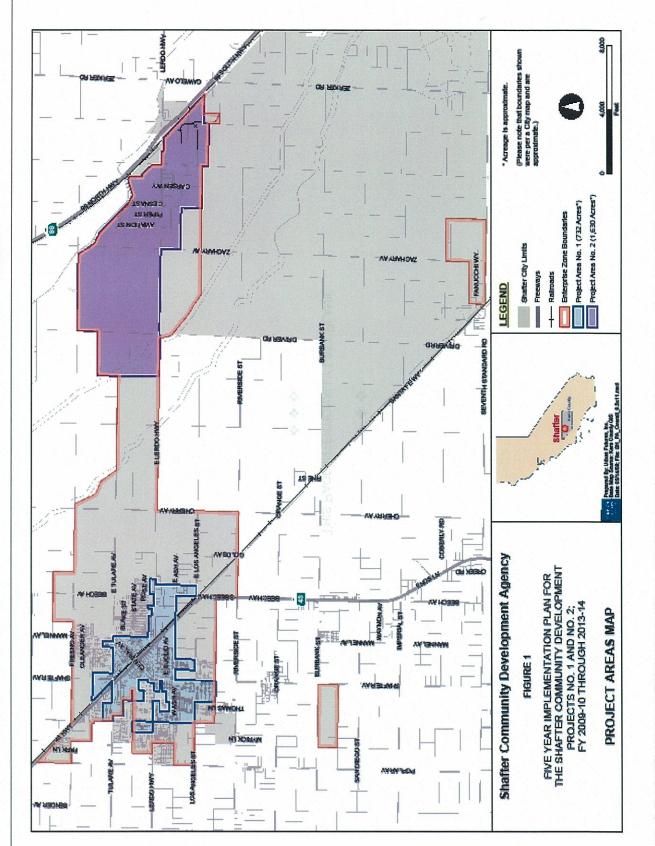
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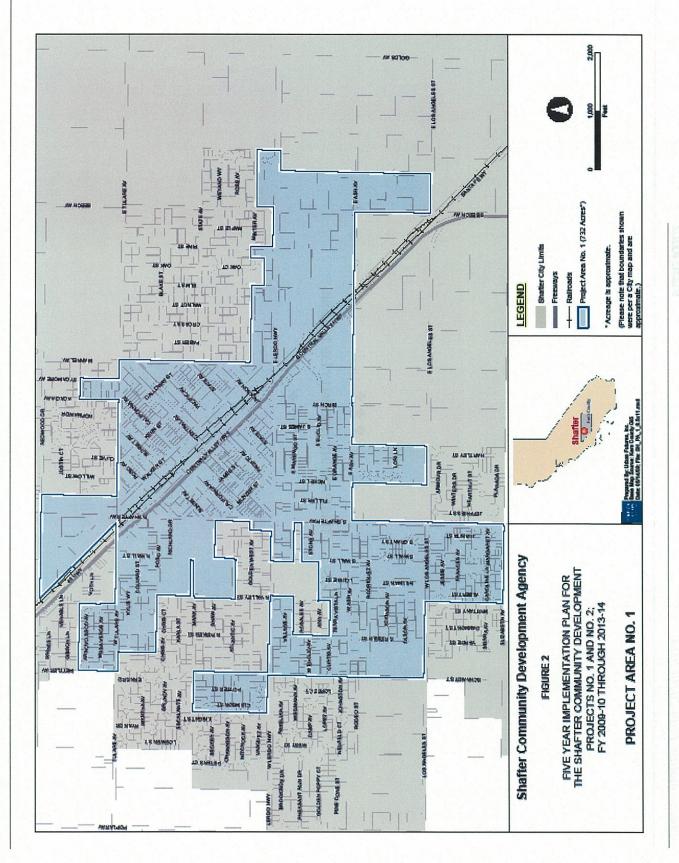
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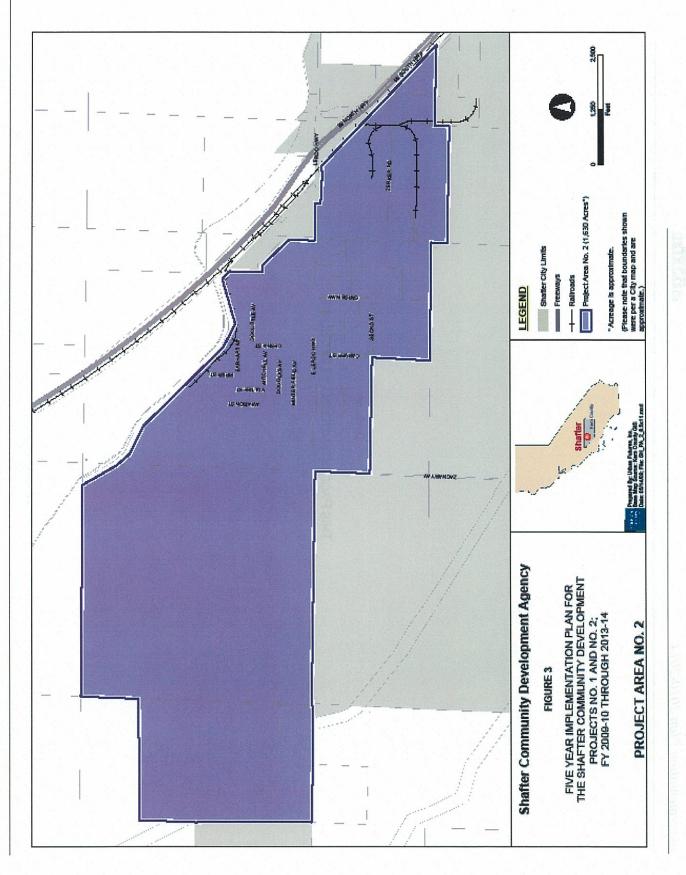
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2.0 REVIEW OF AGENCY ACTIVITIES

2.1 HISTORICAL OVERVIEW

On February 14, 1983, the City of Shafter passed Ordinance 298 establishing and activating the Community Development Agency of the City of Shafter. The primary purpose of the Agency was to eliminate blight and stimulate the City's economic base, primarily through the development of new public improvements, commercial and industrial projects, and new affordable housing projects within the project area(s), which could not be achieved without public participation and assistance. The Agency presently has two project areas: Project Area 1 and Project Area 2. Project Area 1 consists of residential, commercial, and industrial properties. Project Area 2 consists of industrial and commercially zoned land; therefore, the inclusionary housing requirements of CCRL Section 33413 et seq do not apply to Project Area 2. Table 1 shows the history of the Agency, the Plans, and the Preceding Implementation Plans for the Projects, and certain time limits associated with the Plans.

Community	Table 1 Development Pians Chronology	y
Agency Activation: Febru	Ordinance No. 298	
Plans Adoption Dates: Original Redevelopment Plan: Project Area 1 Original Redevelopment Plan: Project Area 2		Ordinance No. 442 Ordinance No. 451
Effectiveness of Plans: 1989 Plan: Project Area 1 1993 Plan: Project Area 2	Project Areas Size: Project Area 1 732 acres Project Area 2 1,630 acres	
Implementation Plans Adoption Dates: 1994-1999 Implementation Plan Midterm Review	October 28, 1997	NA NA Resolution No. 85
Time Limits:	1989 Plan: Project Area 1	1993 Plan: Project Area 2
For Commencement of Eminent Domain	For Commencement of Eminent Domain June 26, 2001 ¹	
For Establishment of Indebtedness	For Establishment of Indebtedness No Deadline ³	
For Effectiveness of the Plan	For Effectiveness of the Plan June 26, 2029	
To Repay Indebtedness	June 26, 2039	July 20, 2043

¹ Pursuant to Ordinance 07-601 adopted on June 19, 2007, in accordance with the provisions of SB 53.

² Pursuant to Ordinance 07-602 adopted on June 19, 2007, in accordance with the provisions of SB 53.

³ Pursuant to Ordinance 06-589 adopted on December 5, 2006, in accordance with the provisions of SB 211.

⁴ Pursuant to Ordinance 06-090 adopted on December 5, 2006, in accordance with the provisions of SB 211.



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2.2 STATE LEGISLATION

Subsequent to the preparation of the Preceding Implementation Plan and its mid-term review, several state laws affecting redevelopment plans were signed into law. These new laws and how the Agency has chosen to comply are briefly described below.

2.2.1 Mandatory Regulations

SB 53 (Kehoe) effective January 1, 2007

Senate Bill 53 requires all redevelopment agencies with a redevelopment plan adopted prior to December 31, 2006, to adopt an ordinance setting forth the agency's authority to use eminent domain and its program for eminent domain activities, even if it no longer has the authority under its redevelopment plan.

Agency Compliance: The Agency approved ordinances for each project area on June 19, 2007, that included an acknowledgement the Agency's authority to acquire property in the project area has expired.

Project Area 1: Ordinance 07-601 acknowledged expiration on June 26, 2001.

Project Area 2: Ordinance 07-062 acknowledged expiration on July 20, 2005.

SB 1809 (Machado) effective January 1, 2007

Senate Bill 1809 requires that all new and existing redevelopment plans that authorize the agency to acquire property by eminent domain to record a statement with the county recorder that contains the following:

- A prominent heading in boldface type noting that the property that is the subject of the statement is located within a redevelopment project area; and
- A general description of the provisions of the redevelopment plan that authorize the use of eminent domain by the agency; and
- A general description of any limitation on the use of eminent domain contained in the redevelopment plan and the time limit required by CCRL Section 33333.2.

Agency Compliance: Not applicable. The Agency's eminent domain authority has expired in both project areas.



AB 987 (Jones) effective January 1, 2008

Assembly Bill 987 requires all redevelopment agencies to create, maintain, and make available to the public on the internet an affordable housing database that describes existing and substantially rehabilitated housing units that were developed or otherwise assisted with Low and Moderate Income Housing Funds including inclusionary and replacement housing units. The database must be updated annually and include the following data:

- The address and parcel number of the property
- · The number of units with number of bedrooms per unit
- The year of construction completion
- The date the affordability covenant or restriction was recorded
- The document number of the recording
- The expiration date of the covenant or restriction
- The date and document number of any covenants or notices that may be recorded when an ownership unit is sold

Agency Compliance: The Agency is in the process of preparing the list for publication.

AB 1389 (Assembly Budget Committee) effective October 1, 2008

Assembly Bill 1389 requires all redevelopment agencies to submit to the county auditor on or before October 1, 2008, the statutory pass-through payments made by the agency pursuant to Health and Safety Code sections 33607.5 through 33607.7 between July 1, 2003, and June 30, 2008. If concurrence is not achieved between the agency and the county auditor by February 9, 2009, on the amounts that are owed to local educational agencies, the agency may, after a specified procedure, be subject to severe restrictions on its activities, including a prohibition on encumbering funds, incurring new debt, adding or expanding a project area, or be required to reduce its monthly administrative costs.

Agency Compliance: Concurrence between the Agency and Kern County has been achieved.

2.2.2 Discretionary Regulations

SB 211 (Torlakson) effective January 1, 2002

Senate Bill 211 states that redevelopment agencies may repeal the timeline for incurring debt on redevelopment plans adopted prior to January 1, 1994 and may extend the time limits for plan expiration and for receiving tax increment revenues up to ten (10) additional years if specified conditions are met without complying with normal amendment procedures. Agencies that chose to adopt a ordinance authorizing the SB 211 provisions, would also be required to pay statutory pass-through payments to all affected tax entities that currently do not have contractual fiscal agreements.



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Agency Action: The Agency approved ordinances for each project area on December 5, 2006, that eliminated the debt incurrence deadline.

Project Area 1: Ordinance 06-589

Project Area 2: Ordinance 06-590

SB 1045 (Committee on Budget and Fiscal Review) effective October 31, 2003

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Agency Action: The Agency is in the process of amending the plans of each project area to extend their effectiveness dates and their ability to collect tax increment by one year.

SB 1096 (Committee on Budget and Fiscal Review) effective August 5, 2004

Senate Bill 1096 required every redevelopment agency to make an ERAF payment to the county auditor for two (2) consecutive fiscal years, 2004-2005 and 2005-2006. Recognizing that ERAF payments were a financial burden to redevelopment agencies, SB 1096 authorizes agencies to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan by one (1) year for each year of the ERAF payments. The extension can be made if the existing time limit has no more than ten (10) years remaining with no other requirements, or if the existing time limit is between ten (10) years and twenty (20) years provided that the agency can make the following findings:

- 1. Agency is in compliance with Housing Fund requirements;
- Agency has an adopted Implementation Plan;
- Agency is in compliance with applicable replacement housing production requirements; and
- 4. Agency is not subject to sanctions for Housing Fund excess surplus.

Senate Bill 1045 authorizes redevelopment agencies that made ERAF payments in fiscal year 2003-2004 to recover the ERAF payments by amending their redevelopment plans by ordinance to extend the time of effectiveness of the plan and the agency's ability to collect tax increment by one (1) year. Modifications to statutory pass-through payments are not triggered by the bill.

Agency Action: The existing time limits on each plan exceed twenty years from the dates that the 2004-2005 and 2005-2006 ERAF payments were made; therefore, neither project area is eligible for SB 1096 provisions.



2.3 SUMMARY OF BLIGHTING CONDITIONS EXISTING IN THE PROJECT AREAS

The blighting conditions existing in the Project Areas include both physical and economic blight as well as inadequate public improvements as shown in Table 2. Table 2 is reflective of the CCRL's current definition of blighting conditions. Notwithstanding the fact that the CCRL's definition of blight has changed over time, for the purpose of consistency with the current law, this report uses the CCRL's current definition of blighting conditions throughout its text. The specific conditions of blight are described in the Reports to the City Council required by CCRL Section 33352 for the adoption of the Redevelopment Plan for Project Area 1 in 1989 and the adoption of the Redevelopment Plan for Project Area 2 in 1993. These Reports are on file with the City Clerk of the City of Shafter and are incorporated herein by reference.

Other than for the Agency activities described in Section 2.4 below and activities on the part of private developers within the Project Areas, conditions within the Project Areas remain substantially the same as when the Plans were adopted. It is the Agency's intention to continue its focus on the remedy of the remaining conditions of blight during the term of this Implementation Plan.

Table 2 Blighting Conditions Remaining Within The Project Areas		
Condition	PA-1	PA-2
Physical: CCRL Section 33031(a)		
Deterioration, dislocation, or disuse of buildings (unsafe or unhealthy buildings)	•	•
Substandard, defective or obsolete design or construction	•	•
Incompatible land uses	•	
Irregular and inadequate lots under multiple ownership	•	•
Economic: CCRL Section 33031(b)		
Depreciated or stagnant property values	•	•
Impaired property values due to hazardous waste		
Abnormally high business vacancies, low lease rates or high number of abandoned buildings	•	•
Serious lack of commercial facilities	•	
Serious residential overcrowding	•	
Excess bars, liquor stores or adult-oriented businesses	•	
Public Infrastructure: CCRL Section 33030(C)		
Inadequate public improvements	•	•
Inadequate water or sewer facilities		•



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2.4 SUMMARY OF HISTORIC IMPLEMENTATION PLAN GOALS AND OBJECTIVES

The Plans are long-term documents and, accordingly, include generalized goals and objectives over the term of their effectiveness. The goals of the each Redevelopment Project are contained in their respective Plans. The purpose and objective of each Redevelopment Plan is to eliminate the conditions of blight that exist in each respective Project Area and to prevent the recurrence of blighting conditions.

As described above, implementation plans span a period of five years; consequently, the goals and objectives set forth in these "short-term" implementation plans are more specific and are intended to be modified over time as they are met and/or events require their modification. The goals contained in the Preceding Implementation Plan are as follows:

1999-2004 Implementation Plan Goals⁵

Project Area 1

In 1999, the project area suffered from several conditions of blight which were identified as: 1) inadequate street access and traffic circulation; 2) lack of utilities to the project area; 3) the uneconomic nature and unproductive use of land; 4) obsolete and dilapidated buildings; and 5) excessive vacant land. Specific goals outlined in the Redevelopment Plan and supplemented in the Midterm Update are:

- 1. Provide for adequate street access throughout the project area.
- 2. Better urban design and community beautification.
- 3. Provide utilities throughout the project area.
- 4. Control unplanned growth.
- 5. Increase land values depreciated by lack of access and utilities.
- 6. Recapture commercial sales activity.
- 7. Encourage a proper utilization of land in accordance with the general plan so as to end the current stagnation and unproductive conditions.
- 8. Housing rehabilitation and new housing construction.
- Downtown revitalization.
- 10. Westside Regional Park.

Project Area 2

In 1999, much of the project area suffered from inadequate street access and water/sewer lines and facilities. Specific goals outlined in the Redevelopment Plan are:

⁵ Source: 1999-2004 Implementation Plan



- 1. Revitalize downtown through new industrial and commercial development.
- 2. Sewer main extensions to service the project area.
- 3. Water system improvements including reservoirs, main extensions, and hydrants.
- 4. Streets and underground improvements to provide access to properties within the area.
- 5. Assistance to private developers.

1999-2004 Implementation Plan Strategy⁶

The 1999-2004 Plan was structured to eliminate constraints to private investment and encourage continued industrial, commercial, and residential development. Acknowledging that the Agency would undertake specific projects and/public improvements to achieve its goals, it determined that projects would be selected on the following priority basis:

- 1. Projects that directly and immediately leverage new industrial and commercial development leading to the increase in local employment.
- 2. Housing projects that leverage additional private investment and that may leverage additional public funds for housing programs.
- Projects, housing and non-housing, that provide future program income and generate Agency capacity to fund additional projects.
- 4. Public improvement projects that directly result in new private investment.
- 5. Housing programs to meet the following needs:
 - a. Inclusionary housing
 - b. Replacement housing needs
 - c. Homeownership
 - d. Neighborhood residential conservation
 - e. Mobile Home Park development to replace substandard travel trailers
- 6. Projects which have a tangible payback, including loan repayments and tax increments, of five (5) years or less.

⁶ Source: 1999-2004 Implementation Plan



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7. Projects which have a tangible payback of more than five (5) years where a finding can be made that there are substantial additional community benefits.

1999-2004 Implementation Plan Program⁷

The Agency established in its implementation plan, a program of projects that met the criteria and strategy outlined above:

- 1. Installation of improvements in the industrial park to expedite the development of industrial properties.
- 2. Improvements to Beech and Lerdo Highway.
- 3. Improvement of Commerce Street, East Ash, and other industrial streets.
- 4. Participation in regional drainage improvements.
- 5. Reimbursement agreement with Elk Corporation associated with improvements to the industrial area.
- 6. Economic development promotional efforts and administrative support.
- 7. Revitalization of the downtown, industry façade rehabilitation, historic preservation projects, and blight removal.

Future projects under consideration include:

- 8. Relocation of substandard travel trailers in conjunction with the development of replacement housing.
- 9. Neighborhood Conservation Program, including assistance with painting and minor repairs.
- 10. Housing rehabilitation and reconstruction program for units which are dilapidated or in need of substantial rehabilitation.

2.5 IMPLEMENTATION OF NON-HOUSING GOALS

Although the Agency did not prepare a Fiscal Year 2004-2009 Implementation Plan, it has been continuing to implement those programs and projects identified in the Preceding Implementation Plan and updated by the Midterm Review in 2002. The current status of the Preceding (1999-2004) Implementation Plan non-housing goals are shown in Table 3.

Source: 1999-2004 Implementation Plan



	Table 3 Non-Housing Accomplishments FY 1999/2000 through FY 2007/08					
* 6.2 c - 1 (1992) 1 (1992)	GOAL	CURRENT/STATUS				
2	Installation of improvements in the industrial park to expedite the development of industrial properties.	Completed: Sewer collection line to 7 th Standard Road Airport entrance realignment Property purchase for development				
2	Improvements to Beech Avenue and Lerdo Highway	Completed Lerdo Highway improvements: South of Lerdo Hwy completed Traffic signal at NB Highway 99 Traffic signal at Carver Street Highway medians and Gateway at Minter Field Airport				
2	Construction of various infrastructure improvement projects, including the new water storage facility at Minter Field Airport	Completed.				
2	Improvements of Commerce Street, East Ash, and other industrial streets.	Substantially completed				
2	Participation in regional drainage improvements.	in progress				
2	Reimbursement agreements with Elk Corporation and BMMC associated with improvements to the industrial areas.	Completed.				
1, 2	Economic development promotional efforts and administrative support.	Installed directional signs to facilitate access to commercial and industrial uses				
1	Street improvements to Poso and Richland.	In progress				
1	Revitalization of the downtown, industrial façade rehabilitation programs, historic preservation projects, and blight removal.	Implemented a Downtown Façade Grant Program Implemented a blight removal program consisting of landscape improvements for vacant downtown properties Budgeted for East Shafter water tank to improve service to downtown businesses and residents				

As shown above, the Agency has focused on goals and objectives as set forth in the 1999-2004 Implementation Plan that relate directly to the provision, improvement, and rehabilitation of public infrastructure to lessen conditions of blight and to improve the overall economic and physical condition of the Project Areas. However, while the Agency has spent substantial numbers of dollars on blight remediation, the projects identified above have not fully ameliorated the conditions of blight described in Table 3 above, and conditions of blight continue to detract from more positive aspects of the Project Areas. Available Agency resources will continue to play an integral role in the City's ability to remedy negative physical and economic conditions still affecting the Project Areas.



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2.6 IMPLEMENTATION OF HOUSING GOALS

Although the Agency did not prepare a Fiscal Year 2004-2009 Implementation Plan, it has been continuing to implement the housing programs and projects identified in the Preceding Implementation Plan and to provide for affordable housing production and retention. These housing programs are shown in Table 4.

	•	omplishments
PROJECT: AREA		ough FY 2007/08 GURRENIT ST/ATTUS
2	Transfer low and moderate income set- aside funds (20 percent of tax increment) generated in Project Area 2 to Project Area 1 for use in the production and preservation of affordable housing.	On-going.
1	Neighborhood Conservation Program, including assistance with painting and minor repairs.	Not achieved due to staffing limitations.
1	Housing rehabilitation and reconstruction program for units which are dilapidated or in need of substantial rehabilitation.	 Purchased 13 residential lots on Schnaidt Street Facilitated construction of a 20-unit affordable housing project by Self-Help Enterprises Provided infrastructure assistance for the construction of eight low-and moderate-income units



3.0 COMMUNITY DEVELOPMENT IMPLEMENTATION PROGRAM

3.1 GOALS AND OBJECTIVES: 2009-2014

CCRL Section 33490(a)(1)(A) states that an implementation plan shall contain an Agency's specific goals and objectives for the project area(s). For purposes of this Implementation Plan, these goals and objectives are divided into two distinct categories: those related to community and economic development and those related to the provision or replacement of affordable housing. This chapter focuses specifically on the Agency's potential non-housing activities during the ensuing five-year period. The chapter will describe specific projects and expenditures and explain how said projects and expenditures will address conditions of blight in the Project Area. Potential housing activities are discussed in Chapter 4.

GOAL 1: ENCOURAGE ECONOMIC DEVELOPMENT

OBJECTIVES

- 1.1 Implement the Redevelopment Plan and the 2010-2014 Implementation Plan.
- 1.2 Identify and assist projects that directly and immediately leverage new industrial and commercial development leading to the increase in local employment.
- 1.3 Aggressively market and pursue development in the project areas, including marketing and management of the City's Enterprise Zone designation.
- 1.4 Aggressively pursue collaborative economic development partnerships with other public and private entities.
- 1.5 Investigate the feasibility of expanding Project Area 2.
- 1.6 Carry-out any other economic development or community development project or program consistent with the CCRL and the Redevelopment Plans.

GOAL 2: DEVELOP PUBLIC INFRASTRUCTURE AND COMMUNITY FACILITIES

OBJECTIVES

2.1 Through the leveraged use of available fiscal resources, eliminate impediments to development through a coordinated effort to develop, improve, and/or reconstruct public infrastructure that will include but not be limited to streets, traffic signals, water, sewer and storm drain upgrades, other utility upgrades and public safety improvements.



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- 2.2 Provide assistance with public improvements that will directly result in new private investment.
- 2.3 Complete the construction of various infrastructure improvement projects.
- 2.4 Continue to analyze and develop strategies for serving the wastewater needs of Minter Field Airport District (Project Area 2).
- 2.5 Begin the necessary design and preliminary engineering work on park facilities that will serve low and moderate families currently residing on the west side of the City (Project Area 1).
- 2.6 Carry-out any other public infrastructure and/or community facility oriented project or program consistent with the CCRL and the Redevelopment Plans.

3.2 PROJECTED PROGRAMS AND PROJECTS

The Agency's non-housing projects and programs are designed to meet its goals of encouraging economic development; improving public infrastructure; and improving or constructing community facilities within the Project Areas. However, expectations for the successful completion of economic development projects and programs are conservative due to the current recessionary economic climate and financial crisis that the nation is experiencing. Tax increment is dependent upon the taxable value of land or improvements in the Project Area. It is anticipated that revenue flows may diminish or not increase at the previous rate due to events not controlled by the Agency. Additionally, if the State of California prevails in its 2009 budget proposal to take local government redevelopment funds for State purposes, funding for City projects and programs will not be available at the levels budgeted. Nonetheless, the Agency will continue to follow its goals and objectives as funding permits.

3.2.1 Project Area 1

Project Area 1 is located within the City's core area, which includes the downtown. Shafter was originally organized around the Atchison, Topeka, and Santa Fe Railroad, with industrial uses congregating along the railway, commercial uses along State Route 43 and Lerdo Highway, and residential uses generally spreading out to the east and west. The City would like to maintain Shafter's core area as the center of community life with pedestrian oriented-retail uses within the central portions of the project area near the residences and highway oriented businesses along the thoroughfares. To facilitate this General Plan objective, the Agency has designed economic development programs for Project Area 1 intended to maintain Shafter as a viable commercial/office district. The programs and projects are implemented when funding and staffing levels are appropriate, but include Downtown Façade Improvement Program, Entry Signage Program, development site improvement assistance, downtown infrastructure and sidewalk improvements, and Downtown Mural Program. One

⁸ Per City of Shafter General Plan dated April 2005.



site targeted for commercial development is located at the northwest corner of Nickel Street and Marengo Avenue. The Agency owns a parcel that it intends to sell to a commercial developer as an incentive for new commercial or office development.

3.2.2 Project Area 2

Project Area 2 comprises land zoned for industrial, business park, and community facilities (airport). There is no commercially or residentially zoned property in the project area. The General Plan objective for industrial uses is to expand employment opportunities, increase the personal income of residents, and strengthen Shafter's economic base through a well-defined pattern of industrial facilities. The Agency intends to facilitate this objective by infrastructure improvements, traffic circulation improvements, water provision improvements, land acquisition, and developer incentives.

3.3 GOALS AND OBJECTIVES NEXUS TO BLIGHT ELIMINATION

CCRL Section 33490(a)(1)(A) requires that each implementation plan contain an "...explanation of how the goals and objectives...will eliminate blight within the project area...". The conditions of blight that remain in the project areas reflect the current definition of blight for consistency with state law, which has changed since the preparation of the Preceding Implementation Plan. Nonetheless, the following physical and economic conditions addressed by the previous plan remain accurate.

- 1. Unsafe buildings
- 2. Sub-standard, defective or obsolete design or construction
- 3. Incompatible land uses
- 4. Irregular and inadequate lots under multiple ownership
- 5. Depreciated or stagnant property values
- 6. Abnormally high business vacancies, low lease rates, or high number of abandoned buildings
- Serious lack of commercial facilities
- 8. Serious residential overcrowding
- 9. High crime rate
- 10. Inadequate public improvements
- Inadequate water or sewer facilities

Table 5 shows the relationship of the Agency's specific five-year goals and objectives to the eradication of remaining blight, as defined in CCRL Sections 33030 and 33031, in Project Areas 1 and 2.



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Goals Nex	cus To Blight Eli	mination'	
PROGRAM/PROJECT	PROJECT AREA	SATISFIES GOAL OBJECTIVE NUMBER ¹	BLIGHT CONDITION TO BE ALLEVIATED
Economic development programs including downtown façade improvement, entry signage, professional assistance, and marketing.	PA-1	1.1, 1.3, 1.4	5, 6, 7, 9
Economic development programs including marketing, business retention, and professional assistance.	PA-2	1.1, 1.3, 1.4	5, 6, 7, 9
Business retention and recruitment programs including the promotion of new commercial and industrial developments.	PA-1, PA-2	1.2, 1.3, 1.4	5, 6, 7, 9
Downtown infrastructure and sidewalk improvements.	PA-1	2.1, 2.2	5, 6, 7, 10
Downtown mural program	PA-1	1.4	5, 9
Development site incentives such as land acquisition, off-site improvements, and improvement assistance.	PA-1, PA-2	1.2, 2.1, 2.2, 2.6	2, 3, 4, 5, 7, 10
Infrastructure and access improvements	PA-2	2.2, 2.2, 2.3	1, 5, 10
Water storage facility improvements	PA-2	2.3, 2.6	5, 11
Strategic plan for meeting wastewater needs at Minter Field Airport District.	PA-2	2.4, 2.6	5, 11
Design and engineering services for Westside park	PA-1	2.5, 2.6	3, 9
Analysis of expansion of Project Area 2	PA-2	1.5	2, 3, 4, 5

3.4 PROGRAM AMENDMENTS

The Agency has identified the projects and programs shown herein as the most probable implementation activities for the term of this Implementation Plan. Since other public and private projects, not foreseen today, may be deemed feasible and preferential in eliminating blight, it may be necessary from time to time for the Agency to make changes to programs and activities.

Whether or not listed herein, specific projects and programs may be constructed or funded by the Agency during the period covered by this Implementation Plan, if the Agency finds that:

- 1. The goals and objectives of the Redevelopment Plan are furthered;
- Specific conditions of physical or economic blight within the Project Area will be mitigated in whole or in part through implementation of the project; and
- 3. Specific conditions relative to a development project, including the financial feasibility thereof, require that the public improvement project be constructed at the time in question.



3.5 PROJECTED AGENCY GENERAL REDEVELOPMENT FUND INCOME AND EXPENDITURES

Although the Agency is continuing to implement its community development and economic development goals, the success of its programs and projects is largely dependent upon the strength of the national, state, and regional economies. For purposes of this report, tax increment revenue is projected at declining and neutral growth rates through the term of the Implementation Plan. In terms of projected expenditures, the expenditure of bond proceeds intended for capital improvement projects are anticipated for the first three years of the term of the Plan. Projected administrative costs remained constant at the 2009-2010 budgeted amount for purposes of this report. Tables 6 and 7 reflect best known estimates of projected revenues and expenditures; however, the numbers should not to be used for bonding purposes; and are solely intended to reflect general trends and assumptions.

3.5.1 State of California Proposed SERAF Take

In 2008, the State of California attempted to force local redevelopment agencies to make a unilateral Educational Revenue Augmentation Fund (ERAF) payment to the State of California for fiscal year 2008-2009 in the amount of \$350 million statewide. The California Redevelopment Association (CRA) filed a lawsuit to stop the ERAF payments. On April 30, 2009, the courts ruled in CRA's favor, and found unconstitutional a provision in the current state budget that would have required redevelopment agencies statewide to transfer monies to fund State obligations.

Subsequently, in July 2009, the State legislature tried again to balance the State budget with the taking of redevelopment funds. It added a Supplemental Educational Revenue Augmentation Fund (SERAF) payment of \$1.7 billion statewide in 2009-2010 and re-instated the \$350 million for payment in 2010-2011. At the time this Implementation Plan was prepared, the final determination of the legality of the SERAF takings had not yet been finalized. If the State of California prevails, the Agency will be forced to modify its policies, programs, projects, and budgets.

3.5.2 Project Area 1

The Agency intends to continue with its current professional services and capital programs shown in Table 5 until economic conditions warrant a change in strategy. Tax increment revenue, which is based on the assessed value of property, is significantly impacted by the national recession. The percentage growth of tax increment is anticipated to decline through the end of fiscal year 2010-2011. No growth is expected in 2011-12 and 2012-2013, one percent growth is expected in 2013-2014. Interest income on the cash balance is based on the current interest rate estimated by the Local Agency Investment Fund. The only other known potential income is the sale of Agency owned property at the northwest corner of Nickel Street and Marengo Avenue for a commercial project. That sale is anticipated in 2012-2013. Annual receipts, therefore, remain relatively constant at approximately \$1.2 million.



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Table 6 General Redevelopment Fund Projected Revenues and Expenditures Project Area 1								
Fund Activity	0000 40	Fiscal Year						
	2009-10	2010-11	2011-12	2012-13	2013-14			
Yearly Beginning Balances ¹	3,956,181	3,357,908	1,944,805	515,148	450,856			
Revenues								
A. Tax Increment ²	1,234,972	1,182,723	1,182,723	1,182,723	1,199,617			
B. Interest Income ³	40,946	34,754	20,129	5,332	4,666			
C. Bond/Note Proceeds	0	0	0	0	0			
D. Rental Income	0	0	0	0	0			
E. Sales of Real Estate ⁴	0	0	0	82,000	0			
F. Bond Administration Fees	0	0	0 (0	0			
G. Other Income ^o	11,000	11,000	11,000	11,000	11,000			
Total Revenues	1,286,918	1,228,477	1,213,852	1,281,055	1,215,283			
Total Available	5,243,099	4,586,385	3,158,657	1,796,203	1,666,139			
Expenditures/Uses								
A. LMI Housing Fund Set-Aside ⁶	246,994	236,545	236,545	236,545	239,923			
B. RDA Administration ⁷	369,295	369,295	369,295	369,295	369,295			
C. Professional Services	Ó	0	0	0	0			
D. Planning & Design	5,000	5,000	5,000	5,000	5,000			
E. Real Estate Purchases	0	0	0	0	0			
F. Acquisition Expense	0	0	0	0	0			
G. Operation of Acquired Prop.	0	0	0	0	0			
H. Relocation Expenses	0	0	0	0	0			
I. Site Clearance	0	0	0	0	. 0			
J. Project Improvements/const ⁸	527,350	1,300,000	1,300,000	0	0			
K. Rehabilitation Expense/grants	0	0	0	0.	0			
L. Debt Service ⁹	464,354	467,074	465,474	463,714	465,794			
M. Pass-throughs ¹⁰	272,198	263,667	267,195	270,793	278,340			
N. Other Expenses	0	0	0	0	0			
Total Expenditures	1,885,191	2,641,581	2,643,509	1,345,347	1,358,352			
Revenues in Excess of Expenditures	(598,273)	(1,413,103)	(1,429,657)	(64,292)	(143,069)			
Other Financing Sources/Uses	0	0	0	0	0			
Prior Period Adjustments	0	0	0	0	0			
Yearly Ending Balances	3,357,908	1,944,805	515,148	450,856	307,787			

Notes:

¹Fiscal Year 2009-2010 beginning balance is from 2009-2010 Budget.

² Based on actual FY2008-09 & 2009-10 assessed valuation as provided by the Kern County Auditor Controller with a 3% reduction in 2010-11, 0% growth in 2011-12 & 2012-13, and 1% growth in 2013-14.

Interest income on cash balance is based the current rate estimated by the Local Agency Investment Fund.

Anticipated sale of property at the northwest comer of Nickel Street and Marengo Avenue.

⁵Other income is based on the FY 200-10 budget. No other income is projected.
⁶ Pursuant to CCRL 33334 4, the Low and Moderate Income Housing Set Aside Funds a

⁶ Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

⁷ Planning, administration, and professional services. Program expenditures are based on 2009-10 budget and Agency/UFI projections.

⁸ Assumes FY 2009-10 design and FYs 2009-12 construction using balance of bond proceeds (\$3,127,353).

⁹ As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series A.

¹⁰ Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.



Expenditures include housing set-aside funds, community development services, economic development/capital improvement projects, debt service, and pass through payments. The budget assumes that remaining bond proceeds intended for infrastructure and other capital projects will be spent or encumbered by 2012.

Current administrative services and community development programs are budgeted with conservative annual increases. Without substantial modifications to the current budget, expenditures exceed revenues annually, but year end balances remain positive.

3.5.3 Project Area 2

As shown in Table 7 the beginning cash balance and the estimated tax increment are less in Project Area 2 than in Project Area 1. Tax increment revenue is estimated with a zero growth factor for the term of the Implementation Plan. As in Project Area 1, interest income on the cash balance is based on the current interest rate estimated by the Local Agency Investment Fund. General Fund transfers provide added revenue.

Anticipated expenditures include housing set-aside funds, debt service, pass through payments, community development services, and infrastructure improvement projects. As with Project Area 1, expenditures are based on FY 2009-2010 budget and reflect conservative annual increases. Remaining bond proceeds are projected for encumbrance or expenditure on infrastructure and other project improvements by 2012. Without substantial modifications to expenditures or an increase in tax increment revenue, transfers from the City are necessary to ensure continued positive year end balances.



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Table 7 General Redevelopment Fund Projected Revenues and Expenditures Project Area 2									
Fund Activity	2009-10	Fiscal Year 2009-10 2010-11 2011-12 2012-13 20							
Yearly Beginning Balances ¹	1,438,942	366,285	0	0	0				
Revenues	1,400,042			•					
A. Tax Increment ²	\$972,777	\$972,777	\$972,777	\$972,777	\$972,777				
B. Interest Income ³	14,893	3,791	0	0	0				
C. Bond/Note Proceeds	0	0	0	0	0				
D. Rental Income	0	0	0	0	0				
E. Sales of Real Estate	0	0	. 0	0	0				
F. Bond Administration Fees	0	0	0	0	0				
G. Other Income	10,000	10,000	10,000	10,000	10,000				
H. Transfers In	0	1,281,541	1,654,364	856,888	859, 183				
Total Revenues	997,670	2,268,109	2,637,141	1,839,665	1,841,960				
Total Available	2,436,612	2,634,394	2,637,141	1,839,665	1,841,960				
Expenditures/Uses									
A. LMI Housing Fund Set-Aside ³	194,555	194,555	194,555	194,555	194,555				
B. RDA Administration⁴	1,027,085	1,027,085	1,027,085	1,027,085	1,027,085				
C. Professional Services	0	0	0	0	0				
D. Planning & Design	0	0	0	0	0				
E. Real Estate Purchases	0	0	0	0	0				
F. Acquisition Expense	0	0	0	0	0				
G. Operation of Acquired Prop.	0	0	0	0	0				
H. Relocation Expenses	0	0	0	0	Ö				
Site Clearance	0	0	0	0	0				
J. Project Improvements/const.5	238,940	800,000	800,000	0	0				
K. Rehabilitation Expense/grants	0	0	. 0						
L. Debt Service ⁶	365,054	365,050	364,726	364,118	363,218				
M. Pass-throughs ⁷	244,693	247,703	250,775	253,907	257,102				
N. Other Expenses	0	0	0	0					
Total Expenditures	2,070,327	2,634,393	2,637,141	1,839,665	1,841,960				
Revenues in Excess of Expenditures	(1,072,657)	(366,284)	0	0	0				
Other Financing Sources/Uses	0	Ö	0	0	0				
Prior Period Adjustments	0	0	0	0	0				
Yearly Ending Balances	366,285	0	0	0	0				

Notes:

¹ Fiscal Year 2009-2010 beginning balance is from City sources.

² Based on actual FY2008-09 & 2009-10 assessed valuation as provided by the Kern County Auditor Controller with no growth thereafter.

³ Interest income on cash balance is based on the current rate estimated by the Local Agency Investment Fund.

³ Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

⁴ Planning, administration, and professional services. Program expenditures are based on 2009-10 budget and Agency/UFI projections.

⁵Assumes FY 2009-10 design and FYs 2010-12 construction using balance of bond proceeds (\$1,438,942).

⁶As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series B.

⁷Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.



4.0 HOUSING COMPLIANCE PLAN

CCRL Section 33413(b)(4) requires each redevelopment agency to adopt a housing compliance plan as part of the implementation plan required by CCRL Section 33490 indicating how the agency will comply with the requirements set forth in CCRL Section 33413(b). This section of the Implementation Plan complies with this requirement and is the Agency's Housing Compliance Plan. Because Project Area No. 2 is exclusively industrial and commercial in character, and because no housing construction is anticipated pursuant to the City's General Plan, there are no inclusionary housing requirements. Nonetheless, Project Area No. 2 contributes the required twenty percent set-aside from tax increment revenue to the LMI Housing Fund.

This section describes how the Agency intends to expend monies in the LMI Housing Fund consistently with the provisions of CCRL Section 33334.4 as amended by Assembly Bill 637 and made effective on January 1, 2002. Since a redevelopment agency may expend funds from its LMI Housing Fund anywhere in the community, it is not necessary to segregate LMI Housing Fund monies generated from within each Redevelopment Project Area.

The CCRL defines and limits assisted income categories as follows (the CCRL does not separate the extremely low- and very-low income categories; the federal housing programs do make a distinction):

Very Low Income – persons or households whose gross income does not exceed 50% of the area's median income:

Low Income – persons or households whose gross income is greater than 50%, but does not exceed 80% of the area's income; and

Moderate-Income – persons or households whose gross income is greater than 80%, but does not exceed 120% of the area's median income.

Affordable housing cost is defined as:

Very Low Income - Not more than 15% of the County median household income; and

Low Income – Not more than 21% (or 20% for rental projects) of the County median household income; and

Moderate-Income – Not more than 38.5% (or 40% for rental projects) of the County median household income.

4.1 HOUSING PRODUCTION REQUIREMENTS

One of the fundamental goals of redevelopment in California is the production, improvement and preservation of the supply of housing affordable to very low-, low-, and moderate-income households. This goal is accomplished, in part, through the execution of three different, but interrelated requirements imposed on redevelopment agencies by the CCRL. These requirements are:



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- An agency must use at least 20 percent of its tax increment revenue to increase, improve and preserve the supply of low- and moderate-income housing in the community (CCRL Section 33334.2);
- An agency must replace, in equal or greater number, very low-, low-, and moderate-income housing units and bedrooms which are destroyed or removed as a result of a redevelopment project (the "replacement rule," CCRL Section 33413(a));
- An agency must ensure that a fixed percentage of all new or substantially rehabilitated dwelling units are affordable to very low-, low-, and moderateincome persons and families (the "inclusionary rule," CCRL Section 33413(b)(1))
 - At least 30 percent of all new or substantially rehabilitated dwelling units developed by the Agency must be available to persons or families of low- or moderate-income. Of these, 50 percent must be available to very low-income households. This requirement would apply to housing developed directly by the Agency, but not to housing projects developed by a private party under an agreement with the Agency.
 - At least 15 percent of all new dwelling units developed by 0 parties other than the Agency or substantially rehabilitated dwelling units developed with Agency assistance shall be available at affordable costs to persons or families of low- or moderate-income. Of these, 40 percent must be available at affordable costs to very low-income households. requirement applies in the aggregate, and not to each individual housing development project. These low- and moderate-income dwelling units may be provided outside the Project Area, but will only be counted on a two-for-one basis. In other words, if the Agency has an inclusionary housing need of 10 units inside the Project Area, then 20 units outside the Project Area would satisfy the overall requirement on a two-forone basis.
 - Only low- and moderate-income housing units whose affordability is guaranteed on an on-going basis over the long term may be counted in meeting these requirements. For the purposes of this plan, long-term affordability is defined as not less than 55 years for rental units and 45 years for home ownership, or as otherwise defined in CRL Section 33413(c).



4.2 PAST HOUSING PRODUCTION

This section presents an analysis of the Agency's compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4 regarding the Agency's housing production program for Preceding Implementation Plan time period. The information provided through Fiscal Year 2007/08 is factual, based upon the annual Agency reports to HCD of housing activity, the preceding implementation plan, the Housing Element, and other empirical data. Subsequent data is estimated by Agency and UFI staff.

Per redevelopment law, inclusionary units are those units in which the Agency holds the affordability covenants. Affordable units located within the Project Area, but with covenants held by another party are not credited towards the Agency's inclusionary requirement.

As outlined above, CCRL housing production requirements are based upon replacement housing and inclusionary housing requirements. To determine whether an Agency has met those requirements, each category must be reviewed.

Replacement Housing for Destroyed or Removed Units

As of the end of FY 2008-09, the Agency has not destroyed or removed any housing units from within either Project Area, and no replacement dwelling units have been constructed.

Inclusionary Housing in the Project Area: Agency Developed

No housing units have been built or substantially rehabilitated inside Project Area 1 by the Agency. There is no residentially zoned land in Project Area 2.

Inclusionary Housing Outside the Project Area: Agency Developed

As of the end of FY 2008-09, no housing units have been built or substantially rehabilitated outside either of the Project Areas by the Agency. However, 80 units of low income large family rental housing were built at the southeast corner of Birch Street and Ash Avenue by the Shafter Housing Development Corporation in association with the National Farm Workers Association. Known as Las Rosas Court, 60 of the 80 units are reserved for very low income households. The Agency does not hold the affordability covenants on these units.

Inclusionary Housing Inside the Project Areas: Non-Agency Developed

As shown in Table 8, 154 new units were built in Project Area 1 between July 1, 2004, and June 30, 2009. No units were built in Project Area 2. Additionally, there was an estimated balance of 89 units constructed within Project Area 1 in the Preceding Implementation Plan time. Per CCRL Section 33413(b)(1)), the inclusionary requirement for non-Agency built housing is fifteen percent. Therefore, the inclusionary obligation for the current Implementation Plan time



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period is 37 units: 15 Very Low-Income (40%) and 22 Low-Income (60%). Through Self-Help Enterprises, there were 16 Very Low-income and 24 Low-Income units built and covenanted for 55 years in 2006 and 2007. There were an additional eight units built by Miguel Montoya for Low to Moderate-Income households with 55 year covenants, four in FY 2004/05 and four in FY 2008/09. Combined with the balance from the Preceding Implementation Plan time period, through June 30, 2009, there is an inclusionary housing surplus of two Very Low-Income units and 10 Low-Income units within Project Area 1.

			Tabl sionary Hou a Adoption	ısing Obliga					
	Dwelling	TOTAL	nits Made Afford				Project Area Status Cumulative Deficit or		
	Units	TOTAL VeryLow ⁵ Low-Moderate ⁶			Sur				
	Produced	Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate	
Balance Forward ²	89	13	5	0	8	0	-5	-8	
Agency Developed ³	0	0	0	0	0	0	0	0	
Non-Agency Developed ⁴	154	23	9	16	14	32	7	18	
New Balance Forward	243	36	14	16	22	32	2	10	

¹ Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

Summary of Inclusionary Obligation through June 30, 2009

Based upon average sales price compared to income, the Preceding Implementation Plan estimates that were 144 non-covenanted Low-Income units built in the City prior to 2004 and the Agency estimates an additional 96 Low-Income units and five Very-Low-Income non-covenanted units built within Project Area 1 between July 1, 2004 and June 30, 2009. These non-covenanted units were not counted in Table 8; however, the County of Kern recognizes their affordability and has determined that the City of Shafter has satisfied its Regional Housing Needs Assessment (RHNA) requirements for Low-Income units for the time period ending June 30, 2013.

The Agency does not hold affordability covenants on any units in the City other than those listed in Table 8; however, there are seven existing affordable housing projects with 361 restricted units in the City. These units are owned or managed by the Kern County Housing Authority or private, non-profit housing agencies.

² Per Preceding Implementation Plan (1999-2004)

³ Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.

⁴ Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

⁵ As defined by Health and Safety Code 50105

⁶ As defined by Health and Safety Code 50093



The City is committed to ensuring sufficient affordable housing opportunities in Project Area 1 and citywide.

4.3 PROJECTED HOUSING PRODUCTION

The same analysis applies to projected housing production for the current Implementation Plan to anticipate the Agency's continued compliance with CCRL Sections 33490, 33413, 33334.2 or 33334.6, 33334.3, and 33334.4. The data is estimated based upon Staff discussions, the Housing Element, and other empirical data.

Replacement Housing

The Agency is not anticipating destroying or removing any housing units from within either Project Area during the term on the Implementation Plan.

Inclusionary Housing in the Project Area: Agency Developed

The Agency does not anticipate directly producing units within Project Area 1 during the term of the Implementation Plan. Project Area 2 does not have any residentially zoned land, and no residential construction is anticipated.

Inclusionary Housing Outside the Project Area: Agency Developed

The Agency does not anticipate directly producing units or contracting with private entities to produce units outside of either Project Area during the term on the Implementation Plan.

Inclusionary Housing Inside the Project Area: Non-Agency Developed

New housing to be constructed within Project Area 1 is projected by the Available Sites Inventory of the 2008 Shafter Housing Element (Appendix A). No housing is projected for Project Area 2 because it has no residentially zoned land. The Housing Element predicts a build-out total of 121 new units within Project Area 1. Build-out is anticipated in 30 years (2038). Assuming a uniform rate of construction over ten-year time periods, 40 new units would be built in the next ten years with 20 of those within the next five years. Therefore, anticipated inclusionary obligation over the term on the Implementation Plan term is twenty units of which eight would be restricted for Very Low Income households and twelve for Low-and –Moderate Income households.

Summary of Inclusionary Obligation

As shown in Table 9, the Agency will begin the current Implementation Plan period with an inclusionary obligation surplus of 12 affordable units, of which 2 are Very-Low Income units and 10 are Low-and-Moderate income units. During the course of the 2010-2014 Implementation Plan period, an additional 20 units are expected to be constructed in the Project Area. This would add an inclusionary obligation of 3 units with one restricted for Very-Low income households and two for Low-and Moderate income households. The Agency is not anticipating the construction of any affordable units within the Implementation Plan term. Therefore, it is anticipated that at the end of the Implementation Plan



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term, the Agency will have an inclusionary housing surplus of nine units of which one meets the requirement for households of Very-Low Income and seven for households of Low-and-Moderate Income. The Agency will be in compliance with the housing production and inclusionary housing requirements of CCRL Section 33413(b).

			Table sionary Hou a Adoption	ısing Obliga				
		Ü	nits Made Afford	dable at Afforda	ble Housing Co	st	Project A	rea Status
	Dwelling Units	TOTAL	TOTAL VeryLow ⁵ Low-Moderate ⁶ Cumulative Deficit or Surplus					
	Produced	Inclusionary Obligation	Inclusionary Obligation	Actual Number of Units Restricted	Inclusionary Obligation	Actual Number of Units Restricted	Very Low	Low - Moderate
Balance Forward ²	243	36	14	16	22	32	2	10
Agency Developed 2009-2014 ³	0	0	0	0	0	0	0	0
Non-Agency Developed 2009-2014 ⁴	20	3	1	0	2	0	-1	-2
New Balance Forward	263	39	15	16	24	32	1	8

¹ Compliance with Sections 33413(b)(1),(c),(d)(1), and 33490(a)92)(A)(ii).

4.4 LOW AND MODERATE INCOME HOUSING GOALS

The Agency has three Implementation Plan Goals. The first two relate to economic development and were discussed in Chapter 3. The third goal relates to affordable housing.

GOAL 3:

INCREASE, IMPROVE AND PRESERVE THE QUALITY OF LOW/MODERATE INCOME HOUSING THROUGHOUT THE PROJECT AREAS AND THE CITY

OBJECTIVES

3.1 Identify, participate in, and monitor housing programs that meet the Agency's inclusionary and replacement low and moderate income housing requirements and the City's housing element.

² Per Preceding Implementation Plan (1999-2004) plus inclusionary obligation from July 1, 2004 through June 30, 2009.

³ Inclusionary obligation is 30 percent of units produced with 50 percent allocated to Very-Low Income households.

⁴ Inclusionary obligation is 15 percent of units produced with 40 percent allocated to Very-Low Income households.

⁵ As defined by Health and Safety Code 50105

⁶ As defined by Health and Safety Code 50093



- 3.2 Research the development of housing programs that will lead to the replacement and rehabilitation of low and moderate income housing units and off-site amenities.
- 3.3 Identify and assist housing projects that leverage additional private investment and which may leverage additional public funds leading to an increase in the community's housing stock.
- 3.4 Transfer low and moderate income set-aside funds (20 percent of tax increment) generated in Project Area 2 to Project Area 1 for use in the production and preservation of affordable housing.
- 3.5 Respond to miscellaneous neighborhood improvement needs.
- 3.6 Pursue the acquisition and recordation of covenants to ensure long term affordability of residential units.
- 3.7 Provide for the development and implementation of appropriate and feasible housing programs to increase, improve or preserve affordable housing.
- 3.8 Monitor affordable housing units to prevent the conversion to market rate units.
- 3.9 Compile, maintain and annually update a database of existing, new and substantially rehabilitated housing units developed or otherwise assisted with monies from the LMI Housing Fund or otherwise counted towards the Agency's inclusionary requirements and make such database available to the public on the City's/Agency's web site.
- 3.10 Carry-out any other affordable housing oriented project or program consistent with the CCRL and the Redevelopment Plan.

4.5 PROJECTED HOUSING NEEDS

CCRL Section 33334.4(a) requires that an agency must expend its LMI Housing Fund monies towards assisting housing for persons of very low-, low-income and moderate-income in at least the same proportion as the total number of housing units needed for each of these income groups bears to the total number of units needed for very low-, low-, and moderate-income households within the community, as those needs have been determined by the most recent Regional Housing Needs Assessment (RHNA). This requirement must be met over the same 10-year implementation plan period as the requirements of CCRL Section 33413(b).

CCRL Section 33334.4(b), also requires an Agency to expend LMI Housing Fund monies in at least the same proportion as the population under the age of 65 bears to the total population of the community as identified by the most recent census.



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4.5.1 Regional Housing Needs Assessment

The state legislature adopted Assembly Bill 2853 in 1980 requiring all councils of government to develop regional allocations of housing needs (new and existing) for all income categories (fair share of housing) based on regional housing needs. The Kern County Regional Housing Needs Assessment (RHNA) states that the fair share for the City of Shafter for period ending July 1, 2013 is 502 units. The income distribution is shown in Table 10:

Table 10 Regional Housing Needs Assessment Fair Share Allocation					
Required/Needed Percent of					
Income Distribution	Units	Affordable Units			
Very Low Income	122	41.2%			
Low Income	83	28.0%			
Moderate Income	91	30.8%			
Sub-Total: Affordable Units	296	100.0%			
Above Moderate	206				
TOTAL	502				

Source: Kern County Council of Governments

Table 10 also identifies the City's estimated housing need by income limits for very low-, low-, moderate- and above moderate income households within the community by percentage of needed housing units. Per CCRL Section 33334.4(a), these percentages are to be applied to Agency LMI Housing Fund spending. Based on the housing needs determined through the Fair Share Allocation process, at least 41.2 percent of all LMI Housing Fund expenditures must be made towards assisting very low-income headed households and at least 28.0 percent must be made towards assisting low-income headed households. Approximately 30.8 percent of all LMI Housing Fund expenditures can be used to assist moderate income households.

4.5.2 Senior Housing Need Assessment

Table 11 identifies the percentage of residents 65 years of age and older in the community, which is the maximum percentage allowed for allocation of LMI Housing Fund monies towards assisting housing restricted to exclusively to seniors. The remaining LMI Housing Fund monies may be used towards assisting other non-senior exclusive household types.



Table 11 Age Distribution, 2000				
Age	Number	Percentage		
Under 5 years	1,303	10.2		
5-19 years	3,818	30.0		
_20-24 years	1,038	8.2		
25-44 years	3,633	28.5		
45-64 years	1,916	15.0		
65 years and older	1,028	8.1		
Total 12,736 100				
Source: 2000 Census				

According to the Census 2000, as shown in Table 11, 8.1% of the City's population (1,028 persons) is 65 years of age or older; therefore, in carrying out the requirements of CCRL Section 33334.4(a), no more than 8.1% percent of LMI Housing Fund expenditures can be allocated towards exclusively assisting senior restricted housing. The Agency is not currently allocating funds towards senior housing; therefore, it is in compliance with CCRL Section 33334.4(b).

4.6 LOW- AND MODERATE-INCOME HOUSING PROGRAM

As noted previously, the state budget crisis and the national financial crisis have significantly impacted both the private and the public sector's ability to construct decent and affordable housing. Nonetheless, the Agency intends to pursue implementation of the several programs and projects during the term of this Implementation Plan, subject to funding availability. If the state prevails in its taking of local government redevelopment funds, the Agency may borrow from the LMI Fund to meet its SERAF obligation if it makes a finding that borrowing is necessary to meet the payment obligation.

In fiscal years ending 2007 and 2008, the Agency purchased thirteen lots on Schnaidt Street for resale with LMI funds. Per CCRL 33334.16, it must initiate activities consistent with development of the property within five years or process an extension for an additional five years with specified conditions. Therefore, \$30,000 has been projected as an expenditure in both FY 2011-12 and FY 2012-13 to cover the expenses of any necessary zone changes, developer agreements, environment analyses, preconstruction assistance or off-site improvements. All thirteen lots are predicted for completion with affordable single family homes by the end of the Implementation Plan time period. The Agency will be conditioning any new housing development built within Project Area 1 to include a neighborhood park accessible to Very-Low and Low-Income residents. As an incentive, the Agency is participating in the design and engineering of the west side park with anticipated funding in the amount of \$25,000 in Fiscal Years 2009-10 and 2010-11.

The Agency's Community Development expenses include programs and services to ensure compliance with redevelopment law and respond to community housing needs. Programs and services are designed to meet the objectives under Goal 3. The



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Community Development budget is projected to increase by a conservative \$20,000 annually.

4.7 LOW- AND MODERATE-INCOME HOUSING FUND

Funding for the Agency's housing program comes from several sources including state CalHFA funds and tax increment financing. The purpose of the Implementation Plan is document compliance with state redevelopment law; therefore, this report only analyzes tax increment financing and its relationship to housing plan compliance.

4.7.1 Tax Increment Financing

As required by redevelopment law, the Agency will set aside twenty percent of its gross tax increment received from both Project Area No. 1 and Project Area No. 2 toward increasing, improving, and preserving affordable housing in the City of Shafter. Table 12 summarizes the anticipated revenues and expenditures in the Low and Moderate Income (LMI) Housing Fund. These numbers are based on the Agency's budget and reflect anticipated expenditure rates. The table shows a beginning cash balance in the LMI Housing Fund of approximately \$2,200,000 with tax increment projections of approximately \$430,000. The only other anticipated receipt is interest income on the cash balance. Given the anticipated decrease in tax increment revenue, total available revenue is expected to decline over the term of the Implementation Plan.

There are three main anticipated expenditures: Debt Service, Community Development, and Capital Projects. Debt Service reflects the LMI Housing Fund's percentage obligation to retire the Agency's bond debt. Community Development includes planning, administration, and professional services expenses. Capital Project expenses are anticipated for two projects. First, the Agency is considering conditioning any new housing development built within Project Area 1 to include a neighborhood park accessible to Very-Low and Low-Income As an incentive, the Agency is participating in the design and engineering of the west side park with anticipated funding in the amount of \$25,000 in FYs 2009-10 and 2010-11. Second, land purchased with LMI funds in fiscal years ending 2007 and 2008 must be acted upon within five years. Therefore, \$30,000 has been projected as an expenditure in both FY 2011-12 and FY 2012-13 to cover the expenses of any necessary zone changes, developer agreements, environment analyses, pre-construction assistance or offsite improvements.

The data in Table 12 indicate that the LMI Housing Fund is sufficiently healthy. The Agency has the resources to implement the housing programs and projects that are discussed in this Implementation Plan.

The numbers should not to be used for bonding purposes; they are solely intended to reflect general trends and assumptions.



TABLE 12 LOW AND MODERATE INCOME HOUSING FUND COMBINED FOR PROJECT AREA 1 AND PROJECT AREA 2 PROJECTED INCOME AND EXPENDITURES Fiscal Year **Fund Activity** 2009-10 2010-11 2011-12 2012-13 2013-14 Yearly Beginning Balances¹ 2,204,884 1,976,902 1,715,432 1,426,737 1,115,646 Revenues A. Tax Increment² 441.549 431,100 431,100 431,100 434,478 B. Interest Income³ 22,821 20,461 17,755 14,767 11,547 C. Bond/Note Proceeds D. Rental Income E. Sales of Real Estate F. Federal Grants G. Other Income Total Revenues 464,370 451,561 448,855 445,867 446.025 Total Available 2,669,254 2,428,463 2,164,287 1,872,604 1,561,671 Sypenditures/Uses B. RDA Administration⁴ 500,000 460.000 480,000 520,000 540,000 E. Real Estate Purchases F. Acquisition Expense G. Operation of Acquired Prop. H. Relocation Expenses I. Site Clearance J. Project Improvements/const. 25,000 25,000 30,000 30,000 K. Disposal/Loss on Land Sales L. Rehabilitation Expense/grants M. Debt Service 207,352 208,031 207.550 206,958 207,253 692,352 Total Expenditures 713,031 737,550 756,958 747,253 Revenues in Excess of Expenditures (288,695)(227,982)(261,470)(311,091)(301,228)Other Financing Sources/Uses Prior Period Adjustments Yearly Ending Balances 1,976,902 1,715,432 1,426,737 1,115,646 814,418

Notes:

¹ Fiscal Year 2009-2010 beginning balance is from City sources.

² Pursuant to CCRL 33334.4, the Low and Moderate Income Housing Set Aside Funds are equal to twenty percent of tax increment revenue.

³ Interest income on cash balance is based on the current rate estimated by the Local Agency Investment Fund.

⁴ Planning, administration, and professional services. Program expenditures are based on 2009-2010 budget and Agency/UFI projections.

⁵Assumes FY 2009-10 design and FYs 2010-12 construction using balance of bond proceeds (\$1,438,942).

⁶ As shown on the Official Statement for the 2006 Tax Allocation and Refunding Bonds, Series B.

⁷Negotiated agreements and statutory pass-through payments as provided by the Kern County Auditor Controller and City documents.



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4.7.2 Excess Surplus

Excess Surplus is defined and calculated based on provisions in Health & Safety Code Section 33334.12. Excess Surplus is determined on the first day of each fiscal year. The calculation requires comparing the sum of property tax increment deposited over the previous four fiscal years against the agency's adjusted beginning balance (prior year's ending adjusted unencumbered balance) to determine which amount is greater. Agencies are allowed to adjust their unencumbered balance to exclude the amount of unspent proceeds from the sale of bonds and the difference between the price of land sold during the reporting period compared to the land's fair market value. By statutory definition, Excess Surplus exists when the adjusted unencumbered balance exceeds the greater of: (1) \$1 million or (2) the combined amount of property tax increment revenue deposited over the preceding four fiscal years.

The Agency is not anticipating excess surplus in the 2010-2014 Implementation Plan term. The Agency did carry excess surplus in the Preceding Implementation Plan term through June 30, 2008; however, with the decrease in available tax increment revenue and the implementation of planned projects and programs, it is projected that the Agency will not be in an excess surplus position. If the Agency chooses to sell the land which it is holding for resale without expenditures for the provision of affordable housing or otherwise reconsider its housing programs and projects, it is possible that revenues would substantially exceed expenditures resulting in excess surplus. The Agency may at that time consider the purchase of affordable housing covenants to reduce or eliminate its excess surplus and increase its inclusionary housing balance.

4.7.3 Other Funding Programs

Table 13 outlines other funding that may be available to the City and the Agency to further implement its Housing Production Plan.

	Table 13 Financial Resources Available for Housing Activities					
Program Type	Program Name	Description	Eligible Activities			
1. Federal Programs	Community Development Block Grant (CDBG)	Annual grants awarded to the City on a formula basis for housing & community development activities. Administered by HUD.	 Acquisition Rehabilitation Homebuyer assistance Homeless assistance Public services 			
	Section 8 Rental Assistance Program	Rental assistance payments to owners of private market rate units on behalf of very low-income tenants. Administered by HUD.	Rental assistance			
	Section 202	Grants to non-profit developers of supportive housing for the elderly. Administered by HUD.	 Acquisition Rehabilitation New construction Rental assistance Support services 			



		Table 13					
Financial Resources Available for Housing Activities							
Program Type 2. State Programs	Program Name California Housing Finance Agency (CHFA) Home Mortgage Purchase Program	Description CHFA sells tax exempt bonds for below market rate loans to first-time homebuyers. Program operates through participating lenders who originate loans for CHFA purchase.	Eligible Activities Homebuyer Assistance				
	California Housing Finance Agency (CHFA) Multiple Rental Housing Programs	Below market rate financing offered to builders & developers of multi-family and elderly rental housing. Tax exempt bonds provide below-market mortgage money.	New ConstructionRehabilitationAcquisition				
	Low Income Housing Tax Credit (LIHTC)	Tax credits available to individuals & corporations that invest in low-income rental housing. Tax credits sold to people with high tax liability, & proceeds are used to create housing.	New Construction Rehabilitation Acquisition of properties from 20 to 150 units				
	Multi-Family Housing Program (MHP)	Deferred payment loans for new construction, rehabilitation & preservation of rental housing. Administered by HCD.	New ConstructionRehabilitationPreservation				
3.Local/County Program	Redevelopment Housing Set-Aside Funds	20 percent of Agency tax increment funds are set-aside for affordable housing activities.	New Construction Rehabilitation Acquisition				
	Mortgage Credit Certificate (MCC) Program	Income tax credits available to first-time home buyers for the purchase of new or existing single-family housing. Local agencies make certificates available.	Homebuyer Assistance				
4. Private Resources/ Financing Programs	Federal National Mortgage Association (Fannie Mae)	Loan applicants apply to participating lenders for the following programs: fixed rate mortgages issued by private mortgage insurers; mortgages which fund the purchase & rehabilitation of a home; low down-payment mortgages for single-family homes in underserved low-income & minority communities.	Homebuyer assistance Rehabilitation				
	California Community	Non-profit mortgage	New Construction				



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	Financial Reso	Table 13 urces Available for Housing Ad	ctivities
Program Type	Program Name	Description	Eligible Activities
	Reinvestment Corporation (CCRC)	banking consortium designed to provide long term debt financing for affordable multi-family rental housing. Non-profit & for profit developers contact member banks.	Rehabilitation Acquisition
	Federal Home Loan Bank Affordable Housing Program	Direct subsidies to non- profit and for-profit developers & public agencies for affordable low income ownership & rental projects	New Construction
	Low Income Housing Fund (LiHF)	Non-profit lender offering below market interest, short term loans for affordable housing in both urban & rural areas. Eligible applicants include non-profits & government agencies.	 Redevelopment costs Site acquisition Construction Rehabilitation
	Private Lenders	The Community Reinvestment Act (CRA) requires certain regulated financial institutions to achieve goals for lending in low- & moderate-income neighborhoods. As a result, most of the larger private lenders offer one or more affordable housing programs, including first- time homebuyer, housing rehabilitation, or new construction assistance.	Varies, depending on individual program offered by bank

4.8 TEN YEAR INCLUSIONARY HOUSING REQUIREMENT

CCRL Section 33490(a) (2) (b) requires that the implementation plan provide certain "Ten-Year" and "Life-of-the-Plan" housing production and inclusionary information. The 1989 Redevelopment Plan for Project Area 1 estimated that approximately 500 new units would be built within the Project Area over the 40-year Life-of-the-Plan (2029). Through June 30, 2009, 243 units had been constructed. An additional 121 new housing are projected through 2029 based upon the available sites inventory of 2008 Housing Element. The revised estimate of 364 units to be built during the Life-of-the-Plan reflects the reality of housing production preferences and the changing financial markets.

The 2008 Housing Element listing of sites appropriate for affordable residential development in Project Area 1 is provided in Appendix A. Therefore, with the assumption that the housing markets may recover slowly over the next ten years, it is



estimated that one-third of the 121 units (forty units) are anticipated to be constructed within Project Area 1 over the next ten years. The Agency is not developing any of the units itself. Rather, all units that obtain Agency affordability covenants will be produced by the private sector or other government agencies with assistance from the Agency triggering the 15 percent inclusionary requirement. The ten-year inclusionary requirement for 40 units is six units with two restricted for Very-Low income households and four for Low-and-Moderate income households. There is no residentially zoned land in Project Area 2; therefore, no inclusionary requirement.

4.9 CONSISTENCY WITH GENERAL PLAN

CCRL Section 33413(b) (4) requires that each agency, ". . .as part of the implementation plan required by Section 33490, shall adopt a [Housing Production] plan. . . ." Section 33413 (b)(4) requires that "[t]he plan shall be consistent with. . .the community's housing element." Additionally, "[t]he plan shall be reviewed and, if necessary, [be] amended at least every five years in conjunction with either the housing element cycle or the plan implementation cycle."

Chapter 9 of the State's General Plan Guidelines of 2003 (the "Guidelines") states the California Attorney General has opined that "the term 'consistent with' is used interchangeably with 'conformity with." The general rule of consistency outlined in the Guidelines is that "[a]n action, program, or project is consistent with the general plan if, considering all its aspects, it will further the objectives and policies of the general plan and not obstruct their attainment."

The following Goals and Policies are contained within the City's 2008 Housing Element:

- 1. Provide a diversity of housing opportunities to enhance the City's living environment and to satisfy the shelter needs of Shafter residents.
 - a. Provide adequate residential sites for the production of new for-sale and rental residential units for existing and future residents.
 - b. Ensure the supply of safe, decent, and sound housing for all Shafter residents.
- Provide housing that is affordable to all economic segments of society.
 - a. Assist and cooperate with non-profit, private, and public entities to maximize opportunities to develop affordable housing.
 - b. Facilitate the development of new housing for all economic segments of the community, including lower-, moderate-, and above moderate- income households.
- Provide equal housing opportunities for all residents of Shafter.
 - a. Assure the provision of housing opportunities for those residents of the City who have special housing needs, including farm workers, the elderly, disabled, large families, and the homeless.

In compliance with CCRL Section 33490, the Agency has developed, and included in Section 4 of this Implementation Plan, a goal statement and related objectives specific to the development and implementation of Agency sponsored affordable housing programs



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in the City. These goals are consistent with the goals contained in the City's 2008 Housing Element.

Inasmuch as, i) the Agency is working to provide affordable housing for all income levels and most specifically housing for persons of very low-, low-, and moderate-incomes; ii) the Agency is required to spend no less than 20 percent of all tax increment monies on affordable housing programs; and iii) the Agency has identified in this Implementation Plan those housing projects and programs and the number of dwelling units that it projects to develop, rehabilitate or assist development of; the Agency hereby determines that the housing goal included in this Implementation Plan and related objectives, ongoing activities, and housing production plan, as outlined in this Implementation Plan, are consistent with the housing element of the City's General Plan.



5.0 PLAN ADMINISTRATION

The Agency shall be responsible for administering the Implementation Plan and for monitoring redevelopment activities or programs undertaken pursuant to it.

5.1 PLAN REVIEW

At least once within the five year Implementation Plan term, the Agency shall conduct a public hearing and hear testimony of all interested parties for the purpose of reviewing the adopted Redevelopment Plan, the Implementation Plan, and evaluating the progress of the Project. The public hearing shall be held no earlier than two years and no later than three years after the date of adoption of this Plan. The Agency may choose to conduct a single public hearing applicable to all adopted redevelopment projects described in this plan, Project Area 1 and Project Area 2 or conduct separate hearings.

Notice of public hearing to review the Redevelopment Plan and Implementation Plan shall be published pursuant to Section 6063 of the Government Code and posted in at least four permanent places within the Project Area for a period of at least three weeks. Publication and posting must be completed not less than ten days prior to the date set for hearing.

5.2 PLAN AMENDMENT

Pursuant to CCRL 33490, the Implementation Plan may be amended from time to time after holding a public hearing.

5.3 FINANCIAL COMMITMENTS SUBJECT TO AVAILABLE FUNDS

The Agency is authorized to utilize a wide variety of funding sources for implementing the Redevelopment Plan. Such funding sources include, but are not limited to, financial assistance from the City, State of California, federal government, property tax increment, interest income, Agency bonds secured by tax increment or other revenues or other legally available revenue source. Although the sources of revenue used by the Agency are generally deemed to be reliable from year to year, such funds are subject to legislative, program, or policy changes that could reduce the amount or the availability of the funding sources upon which the Agency relies.

In addition, with regard to the Agency's primary revenue source, tax increment revenues, it must be noted that revenue flows are subject to diminution caused by events not controlled by the Agency, which reduce the taxable value of land or improvements in the Project Area. Moreover, the formulas governing the amount or percentage of tax increment revenues payable to the Agency may be subject to legislative changes that directly or indirectly reduce the tax increment revenues available to the Agency.

Due to the above-described uncertainties in Agency funding, the projects described herein and the funding amounts estimated to be available are subject to modification, changes in priority, replacement with another project, or cancellation by the Agency.



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5.4 REDEVELOPMENT PLAN CONTROLS

If there is a conflict between the Implementation Plan and the Redevelopment Plan or any other City or Agency plan or policy, the Redevelopment Plan shall control.

APPENDIX A

2008 Housing Element Available Sites Inventory Within the Project Area

AVAILABLE SITES FOR RESIDENTIAL DEVELOPMENT IN PROJECT AREA 1 2008 Housing Element Available Site Inventory

APN	GP	Acreage	Existing Land Use	Existing units	Potential Units	Zoning
026-202-08	LDR	0.21	vacant	0	1	R-1
026-203-02	LDR	0.31	vacant	0	1	R-1
026-220-38	LDR	0.22	vacant	0	1	R-1
026-700-02	LDR	0.21	vacant	0	1	R-1
026-700-03	LDR	0.21	vacant	0	1	R-1
026-700-04	LDR	0.21	vacant	0	1	R-1
026-700-16	LDR	0.21	vacant	0	1	R-1
026-700-17	LDR	0.21	vacant	0	1	R-1
026-700-19	LDR	0.21	vacant	0	1	R-1
026-700-20	LDR	0.21	vacant	0	1	R-1
026-700-22	LDR	0.21	vacant	0	1	R-1
026-700-33	LDR	0.16	vacant	0	1	R-1
026-700-34	LDR	0.16	vacant	0	1	R-1
026-700-35	LDR	0.16	vacant	0	1	R-1
026-700-36	LDR	0.27	vacant	0	1	R-1
026-321-01	MHR	0.22	vacant	0	3	R-3
026-321-07	MHR	0.24	vacant	0	4	R-3
026-321-08	MHR	0.22	vacant	0	3	R-3
026-321-09	MHR	0.18	vacant	0	3	R-3
026-321-10	MHR	0.21	vacant	0	3	R-3
026-321-11	MHR	0.22	vacant	0	3	R-3
026-321-12	MHR	0.22	vacant	0	3	R-3
026-321-13	MHR	0.22	vacant	0	3	R-3
026-321-14	MHR	0.22	vacant	0	3	R-3
027-080-02	MHR	0.17	SFR	1	1	R-3
027-080-03	MHR	0.17	SFR	1	1	R-3
027-080-06	MHR	0.17	SFR	1	1	R-3
027-080-07	MHR	0.17	SFR	1	1	R-3
027-080-15	MHR	0.17	SFR	1	1	R-3
027-110-13	MHR	0.34	vacant	0	5	R-3
027-110-14	MHR	0.34	vacant	0	5	R-3
027-110-14	MHR	0.34	apartment	8	4	R-3
027-120-01	MHR	0.17	SFR	· 1	1	R-3
027-120-03	MHR	0.17	SFR	1	1	R-3
027-120-04	MHR	0.17	SFR	1	1	R-3
027-120-07	MHR	0.17	SFR	1	1	R-3
027-120-08	MHR	0.17	SFR	1	1	R-3
027-120-09	MHR	0.17	SFR	1	1	R-3
027-120-10	MHR	0.17	SFR	1	1	R-3
027-120-13	MHR	0.17	SFR	1	1	R-3
027-120-15	MHR	0.17	SFR	1	1	R-3

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027-120-17 MHR	APN	GP	Acreage	Existing Land Use	Existing units	Potential Units	Zoning
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